

**CITY OF MURFREESBORO, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2004**

**JAMES B. PENNER  
CITY RECORDER/FINANCE DIRECTOR**

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# CITY OF MURFREESBORO

111 WEST VINE STREET, P. O. BOX 1139  
MURFREESBORO, TENNESSEE 37133-1139  
615-893-5210 TDD 615-849-2689  
FAX 615-848-3247



TOMMY BRAGG, MAYOR  
ROGER G. HALEY, CITY MANAGER  
JAMES B. PENNER, CITY RECORDER  
SHERRY L. CARPENTER, CITY TREASURER

December 15, 2004

Honorable Mayor Bragg and Members of the City Council  
City of Murfreesboro  
Murfreesboro, Tennessee

The Finance Department and City Manager's Office is pleased to submit the Comprehensive Annual Financial Report for the City of Murfreesboro, Tennessee for the fiscal year ended June 30, 2004.

This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness for the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

## THE REPORT

This Report is presented in five sections: Introductory, Financial, Supplemental, Statistical and Single Audit. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal City officials.

The financial section includes the management discussion and analysis (MD&A) and the basic financial statements, which are comprised of the government-wide financial statements, the fund financial statements and footnotes to the financial statements. Required supplementary information other than MD&A and the independent auditor's report on the financial statements and schedules are also presented. The supplemental section includes combining fund financial statements and individual fund schedules. The statistical section includes financial and demographic information usually presented on a multi-year basis that is relevant to a financial reader.

The government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular (A-133), *Audits of State and Local Governments*. Information related to this single audit, including the schedule of expenditures of federal awards and auditor's reports on the internal control structure as it relates to federal financial assistance and compliance with laws and regulations, are included in the single audit section of this report.

## THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the government. The City of Murfreesboro provides a full range of municipal services including police protection, fire protection, solid waste pickup, street lighting, street maintenance, traffic management, parks and recreation, municipal golf course, cable television, planning and engineering, codes enforcement, city court, airport and city beautification. In addition to the general government activities, the City operates the Murfreesboro Water and Sewer Department providing potable

water and sanitary sewer treatment, the Murfreesboro Electric Department providing electric service, and Murfreesboro City Schools providing public schools for grades K-6. In conjunction with Rutherford County, the City operates the Linebaugh Public Library.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Murfreesboro, the county seat of Rutherford County, is located at the geographic center of the State of Tennessee approximately 35 miles southeast of Nashville, the state capital. The City's corporate boundary encompasses approximately 41 square miles. The U. S. census conducted in 2000 indicated a population of 68,815 for a 53.2% increase over the 1990 U.S. Census, which indicated a population of 44,922. A special census in 2003 certified a population of 75,083. Murfreesboro has experienced a greater amount of residential growth than any other municipality located in Rutherford County and is one of the fastest growing cities in the State.

In addition to residential growth, the City has experienced considerable commercial and industrial development during the past decade. This non-residential development is expected to continue for the next several years, particularly commercial growth, to serve the needs of the growing population. Murfreesboro is the home of Middle Tennessee State University (MTSU) and, with a student enrollment of over 24,000, it is perhaps the fastest growing public university in the State of Tennessee. The economic outlook for the City is excellent.

## **MAJOR INITIATIVES AND SERVICE EFFORTS**

### ***Administration***

The day-to-day business of operating the city is the responsibility of the city manager, the chief administrator of the city appointed by the city council. Through various departments, he is responsible for providing and maintaining the essential services of the city. Acting in much the same way as a chief executive officer of a corporation, the city manager is concerned about the efficient and cost-effective operation of the city. Citizens require and depend upon the city for certain services; among them are fire and police protection, recreational facilities, parks, sanitation and streets. The city manager delegates responsibility and coordinates the many tasks performed daily by city employees.

A duty that is the direct responsibility of the city manager, however, is the preparation of the city's annual budget. The budget reflects the expected revenue and projected expenses for the ensuing year, and is the subject of public hearings. The city manager, in carrying out the responsibilities of fiscal planning and of other areas of city government, has the authority to appoint the heads of the various administrative departments and divisions.

Council determines policy and overall direction for the city through legislation, but execution of council's decisions is the paramount responsibility of the city manager.

During FY 04, the City Council appointed a 5-member Gateway Commission to oversee sales of the Gateway property resulting in approved contracts totaling \$15.2 million with an average per acre cost of \$212,000. Construction of Medical Center Parkway, 4-lane access to the project and connecting the new I-24 interchange to downtown Murfreesboro, began during this period.

The Council-appointed Stormwater Advisory Committee began its public education campaign by holding meetings for public information and feedback. Additionally, the Committee began development of a Stormwater Management Ordinance to benefit water quality, water quantity and the effects of stormwater on the quality of life and character of the city.

A committee headed by the city's public information officer implemented publication of a quarterly employee newsletter. The city's website obtained a new domain, [www.murfreesborotn.gov](http://www.murfreesborotn.gov), as well as a fresh, new look during this period. It is now easier to navigate and continually offers more information to

our community and others interested in Murfreesboro. The website received an average of 230,000 hits per month during the past year.

#### ***Municipal Airport and Heliport***

The City of Murfreesboro owns and manages the Murfreesboro Municipal Airport providing fuel services (Avgas and Jet A) and accommodations for aircraft with both tie-downs and t-hangars. The Murfreesboro Municipal Airport is one of a very few General Aviation (GA) airports in the state of Tennessee that operates on a self-sufficient basis. During this period, the Airport received its ninth consecutive "Front Door" Award from the Tennessee Department of Economic and Community Development and the Tennessee Department of Transportation and Tennessee Division of Aeronautics. The Airport entered into a five-year agreement with HMB Professional Engineering to assist in the planning, engineering, and inspection of future projects such as the Apron Expansion Project, T-hangar Expansion Project, and various other projects. Proposed changes should be presented to City Council for approval during the spring of 2004. The Airport staff also oversees the Grace Hospital Heliport facility located on the campus of Central Middle School. 2004 marks the third year this facility has been in service. As budgeted, the General Fund reimburses the Airport Fund for the annual maintenance expenses of the heliport.

#### ***Building and Codes***

The Building and Codes Department is responsible for enforcing nationally recognized minimum public safety construction standards for new construction and alterations to existing construction. Inspection personnel are trained and certified by the State of Tennessee. During FY 04, the department issued 1,689 (FY03 – 1511) permits for new single-family dwellings and 1,013 (FY 03 – 84) new multifamily dwelling units. The total valuation of all construction permitted was \$405 million (FY03 – \$167 million).

The Department is also responsible for enforcing minimum property maintenance standards for existing buildings and properties. During FY 04, the department issued 1,237 correction notices for violations of the minimum property maintenance standards. This includes such violations as buildings in disrepair, overgrown grass, inoperable or unlicensed vehicles, and accumulation of rubbish.

#### ***Cable Television***

The Murfreesboro Cable Television Department is responsible for managing Murfreesboro's government access cable channel (located on Comcast cable channel 3), administering cable television franchise agreements for the city, and assisting city cable television subscribers in resolve disputes with Comcast.

City Channel 3 received a national award from the Alliance for Community Media for Overall Excellence in local government television programming. Also, City Channel 3 received five national awards for its local produced programs from the National Association of Telecommunications Officers and Advisers.

The department cablecast 118 city/county public meetings on City Channel 3 and oversaw a total of 301 first run/produced programs and videos. The channel also averaged 25 hours of original first run programming per month. A new monthly program, *Adventures in Murphry's Burrow*, started running on City Channel 3, which is produced by City School Board member Nancy Phillips. The new program is an educational show for children, designed to create interest in science, math, and reading. The show is hosted by a puppet, Murphry, who also interviews various public officials.

The Cable Television Department, Comcast, and the City's M.I.S. Coordinator worked on and coordinated the construction of the City's new Institutional Network (I-Net) which will connect over 57 City and City School buildings together via fiber and be used for applications ranging from data, video, and voice.

#### ***City Schools***

The Murfreesboro City School System operates ten kindergarten through sixth grade public schools with an enrollment of 6,070 students. In addition, 240 preschool students qualify to be served based on need. The system has a budgeted per pupil expenditure of \$6,502 for FY 04 and employs in excess of 1,000 full-and part-time employees.

The City System is known for innovation that brings about high achievement for children evidenced by excellent test scores. The Southern Association of Colleges and Schools has accredited all schools and the Central Office; the System maintains a 1:20 average teacher-pupil ratio. The nationally recognized Extended School Program offers before-and after-school services to families who need those services; the district's MERIT program serves high achieving students; and all classrooms are technologically equipped.

The Murfreesboro City School System regularly partners with various universities in action research. In addition, the district collaborates with the Jennings and Rebecca Jones Foundation and Middle Tennessee State University to offer leadership, arts, and science/math/technology camps for graduated fourth and fifth graders.

The System has been the recipient of over \$4 million in grants during the past three years, including a \$2.1 million 21st Century Community Learning Centers grant that has provided additional after-school and summer services for children and their families.

The System has been recognized within the past three years with the following awards for model programs in recognition of school and community partnerships for promoting academic achievement and improving the quality of life for Murfreesboro's families: The National Civic Star Award given by the American Association of School Administrators and Sodexo, national urban school district winner of the Leadership for Learning Award by the American Association of School Administrators, National Community of Excellence designated by the Federal Interagency Council's Communities Can! Organization, American School Board Journal's Magna Award, Tennessee School Boards Association's Excellence in Education Award, the State Department of Health's Healthy Kids Community Award, District of Excellence designation by the American School Food Service Association and the Governor's Tennessee Volunteer Commendation Award.

#### ***Community Development Department***

The Community Development Department's objective is to administer funding from the Community Development Block Grant program to provide decent, safe and sanitary housing for low-income families and households and provide a suitable living environment in the City.

The department also administered two grants awarded to the City from the State of Tennessee. The HOME Program Grant from THDA provided leverage funding for the city's owner-occupied Rehab Program and the Emergency Shelter Program Grant from the Department of Human Services (DHS) provided funds for three emergency shelter agencies in the City.

During FY 2003-2004 CDBG funds were expended in a timely manner meeting the mandates of the statutes and staff has made efforts to be informed of community needs and to inform the public of programs and funding availability.

Accomplishments during the year included the following:

- Owner Occupied Rehab Program – Eleven homes were rehabilitated, one home demolished and reconstructed and one home was provided a bedroom addition to eliminate over-crowding.
- Affordable Housing Assistance Program – Five first time homebuyer households received down payment assistance and homebuyer counseling. In addition, there were over 30 inquiries received regarding homeownership assistance. The program administrator assisted these persons with program information, counseling or they were referred to organizations within the city that could offer services to meet their needs; such as, financial services, social services or other sources for homebuyer counseling and financing.
- Acquisition of Real Property – This program was devised and implemented during the 2004 program year. Funding was provided from the CDBG and one residential lot was purchased thru a request for funding by Habitat for Humanity.
- Fair Housing Initiatives - In partnership with Metropolitan Development & Housing Agency (Nashville, Davidson County), THDA and other state offices staff planned and participated in the Tennessee Fair Housing Matters state wide fair housing conference. Additionally, staff assisted



with the planning and promotion of initiatives by local organizations to inform the public and local professionals of fair housing laws. During this year staff planned and issued a request for proposals for a fair housing impediment study. Proposals were reviewed and an agreement was reached with a consultant to perform the study during the 2004-2005 FY.

- Rental Rehab – In conjunction with the city's application for owner occupied rehab funding from THDA an application for funding a rental rehab program was submitted. The application was successful and policy and procedure was developed for the program during the year.
- Tree Removal Program - Policy and procedures were established for this program and five contractors were selected to participate in the program thru a formal application process. Bids were requested to assist three homeowner applicants.
- Emergency Shelter Grant funds were administered to The Salvation Army, Room In The Inn, The Domestic Violence Program and Mid-Cumberland Community Action Agency.
- Elderly Day Care Program – Thirty-two persons, the majority suffering from dementia or early stages of Alzheimer's disease utilized the services of this St. Clair Senior Citizens Center program partially funded with CDBG funds.
- Tender Care Parenting Program – Assisting in the prevention of child abuse CDBG funding provided for one family services coordinator for the Exchange Club. Twenty-four clients were assisted this program year.
- STARS Program – One hundred five individuals participated in this CDBG funded program for at risk youth.
- N. Spring Street Project – CDBG funds are continuing to be administered to complete a project from the consolidated plan for the improvement of streets in the Courtland Street/North Walnut Street area.

#### ***Murfreesboro Fire Department***

The City of Murfreesboro has a full-time professionally staffed fire department and enjoys a Class 3 Insurance Services Office (ISO) fire rating. The Murfreesboro Fire Department began providing Medical First Responder services on July 1 for the City of Murfreesboro. Two new fire engines and one new rescue truck with equipment were ordered. An ability test site was constructed at Fire Station 6 on Memorial Boulevard due to the State Fire Academy moving from Murfreesboro to Deason, Tennessee. The department replaced the roof at Station 8 on Northfield Boulevard and remodeled the kitchen at Station 6 on Memorial Boulevard. The department placed Automated External Defibrillators (AEDs) on all fire engines and service companies. The fifth session of the Citizens Fire Academy was held in the Spring of 2004. Also during the fiscal year, the City served as host for the Fire Inspector Conference.

The MFD received a grant from the 2003 Assistance to Firefighters Grant Program administered by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA). Grant funds were used to purchase an air compressor and two portable fill stations. This equipment will be used to fill Self-Contained Breathing apparatus (SCBA) with breathing air while in a fire station and at fire scenes.

#### ***Fleet Services***

The Fleet Services Department has been charged with servicing the City of Murfreesboro's fleet vehicles. The vehicles range from police cars, pick-up trucks, tractors, garbage trucks and fire engines. The Fleet Services Department is comprised of three maintenance facilities in which each is assigned a specific portion of the city's fleet. The Main Service Center is assigned all small trucks and cars below 1-ton in weight. The Heavy Equipment Shop is assigned all fire engines, water trucks and heavy equipment throughout the city. The Solid Waste Shop is assigned all garbage trucks, street sweepers and knuckle-booms and dump trucks from the Street and Sign department.

Fleet Services Department has accomplished the following for year 2004.

- Developed a recycling program for used tires and oil. The city is now paid for used tires and oil.
- Conducted preventative maintenance and safety inspections on all city vehicles, trucks, trailers on a regular basis.
- Emissions testing for all city vehicles.
- Handled all accident repairs and acquiring estimates as needed for the Risk Management Department.

- Assisted all city departments with bids and purchasing of new and used vehicles.
- Reduced part costs by purchasing parts under consolidated fleet pricing instead of individual department pricing.
- Provided cost analysis of new and used vehicles, police pool vehicles to take home vehicles and compared the effectiveness of different makes in our fleet.
- Provided ASE testing to all mechanics in Middle Tennessee.
- Reviewed and acted on all safety recalls and technical service bulletins for all city vehicles
- Recommended replacement of vehicles that have outlived their usefulness due to age, mileage or safety concerns.
- Assisted department heads with estimating budgets for maintenance and vehicle replacement.
- Conducted an auction to sell used outdated vehicles and equipment.
- Assisted departments in purchasing of used vehicles by inspecting vehicles prior to purchase.
- Discarded all salvage, wrecked beyond repair and Risk Management purchased vehicles.
- Developed and adopted a safety inspection sheet to be used on all vehicles.
- Fleet Services Department converted a 1999 garbage truck into a rollback and uses it to tow city owned vehicles.

### ***Golf Course***

#### **Old Fort Golf Course**

The City of Murfreesboro owns and operates Old Fort Golf Course at Old Fort Park. Last year's \$2.4 million dollar renovation project has been received very well by the public and continues to improve as the turf matures. The year has been a good one for grow-in and the golf course is in great shape allowing the golfers to once again enjoy the experience and new challenges the course has to offer. A new irrigation system has been installed to accommodate the reuse water line from the Water and Sewer Department that will come on line in later 2004 or early 2005. The City of Murfreesboro and Old Fort Golf Course once again hosted the TSSAA State High School Championship in October and has plans to host for years to come. Old Fort also received the Golf Digest "Best Places to Play" award and a 3 ½ star rating for the new renovation project.

#### **Veterans Administration Golf Course**

The City of Murfreesboro maintains and operates a 9-hole golf course on the campus of the Veterans Administration Medical Center. The City has agreed to a three-year lease of the facility with hopes of a longer agreement in the future. In 2003, a modular building was purchased and put in place for use as a clubhouse. The public has enjoyed having a place to sit down for a snack after play as well as having refuge from inclement weather and indoor restroom facilities. The fairways were over seeded again this year and the response was very favorable.

### ***Judicial***

The primary functions of the Judicial Department are to keep records of all violations of city ordinances and to collect all fines and costs.

The TeenSAFE program began in January 2004. It is an innovative program aimed at reducing death, injury and property damage involving teen drivers. It was designed by officials of Murfreesboro with assistance from the Governor's Highway Safety Office. The Murfreesboro City Court based TeenSAFE Program is a pilot project and the only one of its kind in the State. In the Spring Mayor Bragg, Police Chief Chrisman and Judge Sellers spoke to all sophomores and/or driver education students in the four Murfreesboro High Schools about traffic safety and the TeenSAFE program. As of September 2004, over 250 teens issued traffic citations and their parents had participated in the program through City Court.

The court and legal department have taken several steps to improve the collection of fines and costs. The Court has implemented the issuance of garnishments and executions to collect outstanding judgments. Therefore, training has been initiated at the Murfreesboro Police Department for the officers to serve garnishments and executions.

### ***Legal***

The Legal Department provides legal services to the Mayor, City Council, City Manager, Department Heads, and the Boards and Commissions of the City. The Legal Department also advises the officials and employees of two municipally created entities, the Murfreesboro City Board of Education and the Murfreesboro Power Board.

Legal services provided by the Legal Department include drafting ordinances and resolutions for the City Council; preparing or reviewing bids, construction contracts, contracts for goods and services, leases, deeds, inter-governmental agreements, sections of the Employee Handbook, and other legal documents; advising about personnel matters; representing the City and its employees in litigation as a plaintiff or a defendant; collecting back taxes; obtaining land easements or rights-of-way for City purposes; certifying bonds, capital outlay notes and other financial and debt instruments; and, advising about new cases and statutes and their application to City activities.

The Legal Department is also responsible for the City's Risk Management Program. This includes identifying, minimizing and preventing risk exposures through employment of a Safety Director and regular inspections of City facilities; providing educational training videos for City employees; receiving and responding to complaints about City activities or employees allegedly causing personal injury or property damage; managing the fire, boiler and machinery, and other casualty insurance coverages for City-owned properties; and, handling workers' compensation claims from City employees. Murfreesboro is a self-insured city for workers' compensation and liability claims and has created the Risk Management Fund for this purpose. The City Attorney is the Administrator of the Risk Management Fund and, with the Risk Manager and Safety Director, works with the Risk Management Committee.

### ***Parks and Recreation***

The Murfreesboro Parks and Recreation Department is responsible for planning and conducting athletic, recreational and cultural programs and the operation and maintenance of the City's parks and recreation facilities. During fiscal year 2003-2004, the renovated and expanded Patterson Park Community Center reopened its doors. The center contains an indoor water park, 304-seat theatre, fitness/wellness center, walking/jogging track, dance studio, two gymnasiums, two racquetball courts, meeting rooms, library/learning center and game room.

Construction was completed on Phase II of the Murfree Spring wetlands project, which includes a boardwalk, playground, amphitheatre and trailhead. Construction was also completed on Phase I of the Oakland Spring wetlands project, which includes trails, landscaping, improved parking and infrastructure.

Planning continued for the 6.5 mile expansion of the Stones River Greenway, and specifications were being drawn up for the construction of Richard Siegel Park, a 132 acre park which will contain 15 soccer fields, concession, restroom and meeting facilities, green space, picnic pavilions, walking trail and other amenities.

The Department was awarded the 4-Star Award from the Tennessee Recreation and Parks Association for the renovation of the McKnight Park baseball/softball complex.

### ***Personnel***

In FY04, the City of Murfreesboro Personnel Department received 2,285 applications for 56 full-time positions and 1,881 applications for 115 part-time positions. In order to retain good employees and attract qualified employment candidates, the Personnel Department worked with Burris & Associates to conduct a market-driven pay plan study. Pursuant to this study, the City of Murfreesboro implemented a new compensation and classification plan July 1, 2004 that adjusted pay rates to current market values. The City's Personnel Director received the United Way Best Employee Campaign Manager Award for 2003.

### ***Planning, Engineering, Traffic, and G.I.S.***

The Planning and Engineering Department is responsible for coordinating the physical development of the City. The G.I.S. Section of the Department provides digital mapping services for all City departments and the public. The Traffic Section coordinates the City's traffic program. The Planning Section coordinates

the agendas for the Murfreesboro Planning Commission, the Board of Zoning Appeals, and the Historic Zoning Commission and assures public input on a variety of issues including annexations, re-zonings, R.O.W. actions, and ordinance amendments.

During the fiscal year of 2003-04 the Planning Department reviewed 62 preliminary plats involving 2174 lots, 110 final plats involving 1,964 lots, and 123 site plans involving a variety of commercial and multiple family dwellings. The Planning Commission conducted public hearings on 68 items involving annexations, re-zonings, and ordinance amendments and provided recommendations for each to the City Council.

The Board of Zoning Appeals conducted 108 public hearings to consider a variety of applications for variances of setback requirements, variances of the sign ordinance, and special use permits. The Historic Zoning Commission considered 18 applications for certificates of appropriateness.

During the fiscal year of 2003-04 the department coordinated work on the Maney Avenue Comprehensive Plan and conducted public hearings on the recommended plan before the Planning Commission; coordinated adoption of the Gateway Design Overlay Districts; conducted a study on the street naming and numbering of the Samsonite Blvd., Sanbyrn Drive, and Tennessee Blvd. Corridor; conducted a street naming and property numbering study on the Manson Pike/Medical Center Parkway Corridor, and prepared numerous annexation feasibility studies and plans of services.

#### Engineering

City roadway projects completed in FY 2003-2004 include:

Alexander Boulevard Extension  
Osborne Lane  
Samsonite Boulevard

City roadway projects bid in FY 2003-2004 include:

Medical Center Parkway (Phase 4)  
Manson Pike (Phase 3)  
Medical Center Parkway (Phase 1)  
North Spring Street  
Bridge Avenue  
Medical Center Parkway South Access Road  
Lokey Avenue (Broad to Memorial)  
Manson Pike Interchange

The Department is additionally involved in several drainage projects and in FY 2003-2004 the Manson Pike/Thompson Lane Area Drainage Improvements Project in the Gateway Area was completed and bids were received on the Salem Highway Area Drainage Project.

#### Traffic

The Traffic Department currently manages 103 signalized intersections of which 51 are currently interconnected and addressable from the Traffic Operations Center located at City Hall. The City's closed circuit television system provides substantial viewing capacity of the City's arterial roadway network, which enables monitoring of the roadways and associated signalized intersections and provides the staff with the ability to evaluate and remotely modify signal timings. The City is currently in the design phase of a project that will add an additional seven (7) closed circuit television cameras to the existing nineteen (19) already in operation. The project will additionally interconnect nine (9) existing signalized intersections into the current system. The combination of interconnected traffic signals and CCTV cameras provides invaluable assistance in providing optimized intersection operation throughout a large portion of the city's most heavily traveled roadway system.

#### ***Murfreesboro Police Department***

The Uniformed Division recently started a Neighborhood Policing Initiative, concentrating additional officers in our inner city areas to address criminal activity, including drug sales and other street crimes. This has been received with favorable responses from area residents. Concentrated efforts with

neighborhood and community groups, such as the Maney Avenue Association, the South Maney Avenue Community Development Coalition (SMACDC), and the Community Anti-Drug Coalition of Murfreesboro (CADCOM) continue to be successful in mobilizing support and resources for crime prevention efforts within our inner City neighborhoods.

During the course of the past year, officers attended fifty (50) specialized training sessions to enhance their knowledge in traffic related subject areas. These sessions included the training of six (6) new Child Passenger Safety technicians, one of which is fluent in Spanish to reach out to the Hispanic community. In addition, four (4) officers attained the highest level in crash investigation by attending Traffic Crash Reconstruction training. Our personnel participated in all *Tennessee Click It or Ticket* and *Booze It and Lose It* enforcement campaigns with much success.

In 2003, the Communications Section was relocated to a state-of-the-art facility on the second floor of 302 South Church Street. The conversion of Computer Aided Dispatch (CAD) to the newer Windows-based CAD system was a great advancement and created a more powerful system for data management and retrieval. Relocation of the Communications Section information systems infrastructure, two-way radio, and 911 telephone systems are complete in the new facility.

Seventeen thousand, eight hundred sixteen (17,816) incidents have been entered into the computer system for the fiscal year to date. The total number of arrests to date is seven thousand, seven hundred thirty-one (7,731).

During the past fiscal year, the Criminal Investigations Division assigned two thousand, six hundred eighty (2,680) criminal offenses for investigation. Over five hundred twenty-five (525) criminal charges were brought during this same time period. The Division continues to be aggressive in the investigation of all criminal activity within the city. All Detectives have attended numerous specialized training schools and seminars, including Major Jim Gage, who recently graduated from the F.B.I. National Academy in Quantico, VA. In conjunction with the Tennessee Bureau of Investigation, (TBI), the Sexual Offender Registry process was established according to the effective date of new legislation from the General Assembly.

#### ***Solid Waste Department***

The Solid Waste Department provides once per week curbside garbage collection using automated side loaders. During FY 03, the department implemented a set of new garbage pickup rules and started picking up by the new rules on June 1, 2004. They provide for one or two city provided carts with no garbage outside the cart. Bulk items such must be called in for pick up. Grass clippings and leaves can be placed at the curb loose, in biodegradable paper bags, or in biodegradable compostable plastic bags. Limbs and brush must be 8 inches in diameter and less than 10 feet in length.

The Solid Waste Department in the year 2003 picked up and disposed of 32,247.66 tons of garbage from the residents and business of Murfreesboro. The City of Murfreesboro agreement with BFI's Middle Point landfill saved the City of Murfreesboro from paying \$1,249,596.83 in tipping fees. The yard waste collection set a record for tonnages collected due to the storm that hit during the month of May 2003. The Solid Waste Department collected 44,000 tons of yard waste during the year. If that material was landfilled at the Rutherford County C & D landfill it would have cost the City of Murfreesboro \$1,100,000.00. Because the Solid Waste Department mulched that material, it was used to cap the old city landfill and saved the engineering department from having to purchase topsoil to cap the 30-acre site.

#### ***St. Clair Street Senior Center***

The St. Clair Street Senior Center offers an array of services and activities focused on enhancing the quality of life for individuals 60 years of age and over at the facility located at 325 St. Clair Street. In fiscal year 2003-2004, a record of 4,400 senior adults was provided a total of 151,044 units of service in a variety of areas. The 4,400 figure represents an increase of 605 different individuals from those served in the previous fiscal year.

There were several highlights during the past year. A consortium of local agencies and the Senior Center sponsored the 10<sup>th</sup> Annual “Dynamics of Elderly Care Giving; Palliative Care Models” on April 2, 2004. Funded by a MTSU special events grant, the Adams, Gesundheit Institute, was the pre-conference speaker. A variety of professionals presented valuable information on the issue of palliative care during the conference.

To address a community need the Senior Center, in partnership with AARP, hosted a first ever in Rutherford County “Grandparents Caring for Grandchildren” conference in November 2003. As a result of needs expressed, a support group meeting twice monthly for those involved in “Kinship Parenting” was established and a resource directory of services developed.

The Senior Center received two grants from the Community Foundation of Middle Tennessee. The Arts Build Communities grant of \$1,600.00 was used to support two cultural education programs “Music, Movement and Mayhem.” The first featured Michael Ripoll, a gifted versatile guitarist, who played melodic jazz, Latin chips, rock and blues. The second group, Minstrels of Mayhem, used traditional and folk music and quick wit to transport the audience back to medieval times. The Adult Day Services program was awarded \$2,140.00 to be used for 18 performances during the year by the Soggy Boro Band, which performed folk music, Appalachian music and humorous narrative stories as well as equipment to enhance their performances.

In September 2003, the Caregiver Resource and Education Center received an Excellence in Aging Program Award from the Greater Nashville Regional Council at the annual meeting. Operating in partnership with the Alzheimer’s Association of Middle Tennessee Chapter, this part-time program provides counseling and information on local resources for individuals caring for an older loved one living at home who is ill or frail.

Facility wise, the City purchased the house and lot at 611 N. Walnut Street adjacent to the Senior Center facility in order to add much needed spaces for participant parking.

#### ***Street Department***

The Street Department recently purchased a computer driver sign fabrication system and we are now capable of fabricating virtually any sign requested. Due to the increasing amount of annexations and developments, we have created a sign section within the department and have assigned a full time sign technician to manage it. We also converted three solid waste trucks to leaf vacuum trucks and these fleet additions will more than double our ability to pick up the leaves this fall. We anticipate completing at least 90% of the leaf pick up by early December. Last year we paved approximately 87 lane miles of city streets through our annual paving contract with Hoover Inc. We also completed approximately \$492,000 of concrete and storm drainage improvements through our annual contract with Rollins Construction Company. We are currently maintaining approximately 390 lane miles of pavement and all of the right of ways associated with them. We are also maintaining all of the structures and easements responsible for storm drainage within the city limits. Our department has issued 255 right of way construction permits during the 2003-2004 fiscal year.

#### ***Urban Environmental***

The Urban Environmental Department is responsible for the landscape maintenance of over 40 city-owned properties such as Civic Plaza, Children’s Discovery Center, and Oakland’s Trail of Trees. In addition to landscaping, the U. E. D. tree division maintains over 400 miles of city-owned right of way. The department also reviews landscape plans for commercial developments, as well as administering the City’s Landscape Ordinance and Tree Management Ordinance.

Some of our significant accomplishments for FY 04 were:

- Medical Center Parkway – The department took over maintenance of Medical Center Parkway, Phase III.
- Earth Day/Green Power Day – Our department distributed 1,000 tree seedlings and provided valuable information about the benefits of planting trees.

- Civic Pride Award – The department re-introduced the Civic Pride Award.
- Low Income Tree Removal Program – The department has provided evaluation and inspection services to ensure that work within the program was necessary and has been properly executed by the contractors.

## ***Water and Sewer***

### Accounting

Staff has been working overtime to keep up with the increased workload as a result of the increase in construction projects and purchasing activity. Staff closed 50 work orders in December 2003 and 101 in June 2004.

### Engineering

- Prepared a Stormwater ordinance for City Council approval
- Hired a Stormwater Program Coordinator
- Completed first year annual review of NPDES Phase II Stormwater Permit.
- Completed Stormwater assets inventory of 26,664 items
- Constructed 4 miles of 24 inch repurified water line to Old Fort Golf Course and Medical Center Parkway
- Constructed or replaced 12 miles of water line and 33 miles of sewer.
- 70% of In Ground Assets located by GIS
- Approved the purchase of a service work order management system to integrate customer service information and GIS
- Approved the design of the Southwest area sanitary sewer
- Completed the replacement of the DeJarnette Lane Sewage Pumping Station
- Bid improvements to the Sewage Pumping Station at Thompson lane.
- Received an Economic Development grant for water, sewer and rail improvements to the new Southern Container facility on Rutherford Blvd.

### Operations & Maintenance

#### Sanitary Sewer Collection Systems

- Replaced 31 sanitary sewer manholes
- Replaced 7,800 LF of 8 and 10 inch sanitary sewer
- Replaced 5,000 LF of 6" residential sanitary sewer service lines
- Replaced 200 house service connections
- Installed 1,434 new house service connections
- Televised 350,000 LF of sanitary sewer main
- Washed/cleaned 450,000 LF of sanitary sewer main

#### Water Distribution Systems

- Improved water lines to provide fire protection for approximately 100 residents
- Replaced approximately 135 residential water service line and meters
- Replaced approximately 5,500 LF of 2" water line with 2,000 LF of 8" waterline and 3,500 LF of 6" water line
- Installed 23 new fire hydrants
- Installed 467 new meter connections
- Installed 257 new taps on residential and commercial service line

#### Re-use Systems

Made 42 taps and installed 42 meters for re-use line on Medical Center Parkway

#### Wastewater Plant

- Purchased the 200 acre farm owned by the Jordan Family on Leanna Road.
- Performed pilot testing for the evaluation of membrane filters for future treatment.
- Completed construction of pumps and chemical feed system for repurified water.

#### Water Plant

- Started construction of Phase I of the Water Plant Improvements consisting of a 14,000 square foot operations building.

- Demolished the Jones Blvd water storage tank and began construction of a 2 million gallon elevated concrete tank in its place.
- Stoney Meadow storage tank (2MG) placed into service.
- The Top-Ops team from the water treatment plant finished second place at the Kentucky/Tennessee Section AWWA Annual Conference and Exposition.
- Repainted lime and soda ash feed system.
- Started preliminary design of Phase II water treatment plant expansion.
- Installed standby power generator for telemetry system.

### **Accounting System and Budgetary Control**

In developing and maintaining the City's accounting system, consideration is given to internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard and provide reasonable assurance of proper recording of the financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council.

### ***Accounting System and Budgetary Control***

Budget control has been established at the individual level. Financial reports are produced showing budget and actual expenditures by the line item and are distributed monthly to City departmental and divisional management and others upon request.

### ***General Fund***

The General Fund is used to account for expenditures of traditional government services as well as financial resources other than those required to be accounted for in other funds.

General fund revenues totaled \$66,642,156 in fiscal 2004, an increase of 10.2% from fiscal 2003. General property taxes produced 40.63% of general fund revenues compared to 42.12% last year. General fund increases and decreases over last year are shown in the following tabulation:



Revenue Source -	Amount	Percent of Total	Increase (Decrease) From 2003	Percent Increase (Decrease) From 2003
Property taxes	\$ 27,076,804	40.63 %	\$ 1,598,476	6.27 %
Other local taxes	25,089,586	37.65	3,484,371	16.13
Licenses, permits, fines	4,599,889	6.90	712,543	18.33
Inter-governmental	6,859,707	10.29	288,146	4.38
Charges for services	508,104	0.76	9,154	1.83
Interest	200,730	0.30	(44,528)	(18.16)
Miscellaneous	2,307,336	3.47	118,282	5.40
	<u>\$ 66,642,156</u>	<u>100.00 %</u>	<u>\$ 6,166,444</u>	<u>10.20 %</u>

General Fund expenditures for general government purposes totaled \$36,129,632, an increase of 2.90% from fiscal 2003. Increase (decrease) in levels of expenditures for major functions of the City over the preceding year are shown in the following tabulation:

Function -	Amount	Percent of Total	Increase (Decrease) From 2003	Percent Increase (Decrease) From 2003
Administration and general	\$ 10,492,519	29.04 %	\$ 391,165	3.87 %
Police and fire protection	16,667,803	46.13	390,260	2.40
Legal and judicial	657,574	1.82	22,348	3.52
Personnel	377,661	1.05	27,622	7.89
Streets	2,583,793	7.15	219,060	9.26
Planning and engineering	1,589,272	4.40	67,003	4.40
Other	1,326,669	3.67	(342,870)	20.54
Building inspections	856,370	2.37	66,837	8.47
Urban environmental	398,062	1.10	60,144	17.80
Public health, safety, other	1,179,909	3.27	117,306	11.04
	<u>\$ 36,129,632</u>	<u>100.00 %</u>	<u>\$ 1,018,875</u>	<u>2.90 %</u>

### ***Capital Project Funds***

Proceeds of General Obligation Bond issues are accounted for in Capital Project funds until improvement projects are completed. During 2004, a total of \$22,831,640 was expended on projects including street and drainage improvements, traffic improvements, parks, recreation, and general facilities.

### ***Water and Sewer System***

The City's water and sewer system continued to show gains in operating revenues, number of customers, and net income. Comparative data for the past two fiscal years are presented in the following tabulation:

	2004	2003
Gross revenues including interest earned	\$ 18,619,918	\$ 18,421,275
Operating expenses, excluding depreciation		
and including operating transfers	11,743,101	10,901,787
Income available for debt service	6,876,817	7,519,488
Coverage (revenue available for debt service divided by annual debt service)	1.70	4.95

### ***Electric System***

The City's electric system also continued to show gains in operating revenues, number of customers, and net income. Comparative data for the past two fiscal years are presented in the following tabulation:

	<u>2004</u>	<u>2003</u>
Gross revenues including interest earned	\$ 80,229,784	\$ 73,136,230
Operating expenses, excluding depreciation and including operating transfers	73,500,606	67,912,598
Income available for debt service	6,729,178	5,223,632
Coverage (revenue available for debt service divided by annual debt service)	4.22	4.56

### ***Debt Administration***

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. This data for the City of Murfreesboro for the last two fiscal years are presented in the following tabulation:

	<u>2004</u>	<u>2003</u>
General and Contractual Obligation Bond Debt	\$8,930,000	\$ 12,670,000
Ratio of net bonded debt to assessed value	.45%	.70%
Net bonded debt per capita	\$ 76.08	\$ 127.44

### ***Cash Management***

Cash temporarily idle during the year was invested in bank savings accounts, certificates of deposit, and U.S. Government Securities. The City's investment policy is to invest with the safety of principal, liquidity, yield, maturity, and quality being of primary importance. All deposits were insured by federal depository insurance or collateralized. All collateral on the deposits was held in the Tennessee Bank Collateral Pool.

### ***Risk Management***

During the fiscal year ended June 30, 1988, the City initiated a Self-Insured Retention program in order to deal with the potential liabilities. As of the end of the fiscal year, it was estimated that the loss reserve was \$2,780,100, which represents the discounted present value of expected losses and includes claims incurred but not yet reported.

As of June 30, 2004, the risk management fund had net assets of \$2,929,594.

### ***Employee Health Plan***

The City maintains an employee health plan for employees and dependents which is self-insured by the City. Revenues are recognized from payroll deductions from employees and from the City contributions for employee coverage. The plan is administered by Blue Cross/Blue Shield of Tennessee. The City has excess coverage on individual claims over \$500,000 and on claims for transplant surgery.

As of the end of the fiscal year, it was estimated that the loss reserve was \$351,243, which represents the discounted present value of expected losses and includes claims incurred but not yet reported.

As of June 30, 2004, the employee health insurance fund had net assets of \$1,121,420.

## OTHER INFORMATION

### *Independent Audit*

State statutes require an annual audit by the State Comptroller's Office or by a certified public accountant. The City engaged the firm of Jobe, Hastings & Associates, Certified Public Accountants, to perform the 2003-2004 audit. The auditor's report has been included in this report.

### *Certificate of Achievement*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Murfreesboro for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

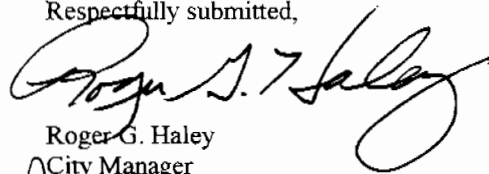
A Certificate of Achievement is valid for a period of one year only. The City of Murfreesboro has received a Certificate of Achievement for the last five consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### *Acknowledgements*

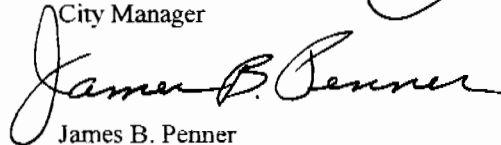
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

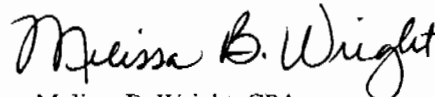
Respectfully submitted,



Roger G. Haley  
City Manager



James B. Penner  
City Recorder/Finance Director



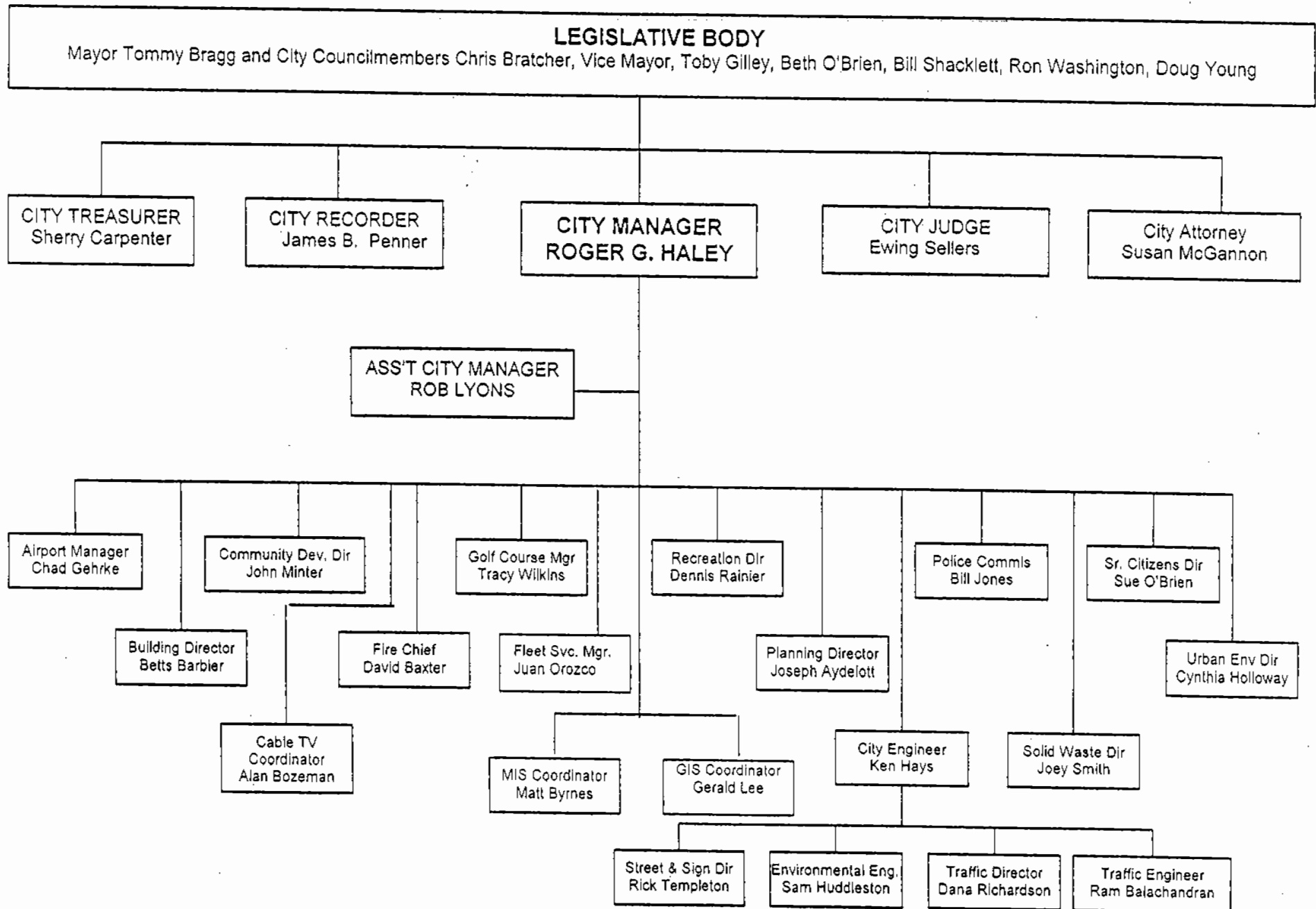
Melissa B. Wright, CPA  
Assistant City Recorder/Chief Accountant

**CITY OF MURFREESBORO, TENNESSEE  
CITY OFFICIALS  
JUNE 30, 2004**

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MAYOR	Tommy Bragg
CITY COUNCIL	Chris Bratcher Doug Young Bill Shacklett Tolbert Gilley, III Ronald Washington Beth O'Brien
CITY MANAGER	Roger G. Haley
ASSISTANT CITY MANAGER	Robert J. Lyons
CITY RECORDER/FINANCE DIRECTOR	James B. Penner
ASSISTANT CITY RECORDER/CHIEF ACCOUNTANT	Melissa B. Wright
CITY ATTORNEY	Susan McGannon
CITY TREASURER/PERSONNEL DIRECTOR	Sherry Carpenter
SUPERINTENDENT OF SCHOOLS	Marilyn Mathis
PLANNING DIRECTOR	Joseph Aydelott
DIRECTOR OF BUILDING DEPARTMENT	Betts Barbier
COMMISSIONER OF POLICE	Bill L. Jones
RECREATION DIRECTOR	Dennis Rainier
GOLF COURSE GENERAL MANAGER	Tracy Wilkins
CITY ENGINEER	Kenneth N. Hayes
COMMUNITY DEVELOPMENT COORDINATOR	John Minter
CHIEF, FIRE DEPARTMENT	David Baxter
SUPERINTENDENT, SOLID WASTE DEPARTMENT	Joey Smith
WATER AND SEWER DIRECTOR	Joe Kirchner
ELECTRIC DEPARTMENT DIRECTOR	Larry Kirk
DIRECTOR, SENIOR CITIZENS CENTER	Sue O'Brien
CITY HORTICULTURIST/LANDSCAPE DESIGNER	Cynthia Holloway
CITY JUDGE	Ewing Sellers
CABLE TELEVISION COORDINATOR	Alan Bozeman
AIRPORT MANAGER	Chad Gehrke
DIRECTOR OF STREET AND SIGN DEPARTMENT	Rick Templeton

## CITY OF MURFREESBORO - ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Murfreesboro,  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zjelke*

President

*Jeffrey R. Emer*

Executive Director

# JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

Joel H. Jobe, CPA, CMPE  
Donna K. Hastings, CPA  
James R. Jobe, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets of \$18,749,465, \$73,203,438, \$248,630,862, \$9,343,485, and \$1,596,925, respectively, and total revenues of \$40,448,844, \$80,229,784, \$18,619,918, \$1,152,875, and \$400,455, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission is based upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

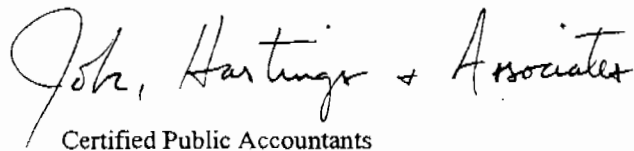
In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Murfreesboro, Tennessee, as of June 30, 2004, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The management's discussion and analysis, pension trend data, and budgetary comparison information for major governmental funds on pages three (3) through fifteen (15) and fifty-seven (57) through sixty-six (66) are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The pension trend data and budgetary comparison information for major governmental funds has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the reports of other auditors, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murfreesboro's basic financial statements. Other information listed in the supplemental section, and the information listed in the statistical section in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and are not a required part of the basic financial statements of the City of Murfreesboro, Tennessee. Such information, except for the statistical information marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
Certified Public Accountants

Murfreesboro, Tennessee  
November 18, 2004



## **CITY OF MURFREESBORO**

### **Management's Discussion and Analysis**

**June 30, 2004**

The following discussion and analysis of the City of Murfreesboro's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Management encourages readers to consider the information presented here in conjunction with the additional information presented in our letter of transmittal, which can be found on pages i - xv of this report.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Murfreesboro exceeded its liabilities at June 30, 2004 by \$433,139,876. Of this amount \$49,859,425 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$44,523,652 (11.5 percent) during the year. The governmental net assets increased by \$27,402,729 (15.76 percent) and the business-type net assets increased by \$14,486,971 (6.6 percent).
- As of June 30, 2004 the City's governmental funds reported combined fund balances of \$37,958,250, a decrease of \$2,084,202 (5.2 percent) in comparison with the prior year. The unreserved, undesignated portion of the governmental fund combined fund balance is \$33,867,208 and is available for spending at the city's discretion.
- At the end of the year the unreserved fund balance for the general fund was \$27,379,072, or 76 percent of the total general fund expenditures.
- The City of Murfreesboro's total debt increased by \$12,608,695 (7.6 percent) during the year ended June 30, 2004.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City of Murfreesboro's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

##### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide a broad overview of the City's finances, in a manner similar to a private-sector business. These statements present *governmental activities* and *business-type activities* separately. Governmental activities are principally supported by taxes and intergovernmental revenues and include administrative and general, police, fire protection, judicial, legal, personnel, streets, planning and

engineering, building inspections, sanitation, urban environmental, public health, safety and other, other governmental activities, recreation, community development, education, and food service. Business-type activities are supported through user fees and charges and include a water and sewer operation, an electrical distribution operation, and a cemetery. The government-wide financial statements can be found on pages 16 - 18 of this report.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Murfreesboro is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

### **Fund Financial Statements**

A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds. Other funds are established by management to demonstrate financial compliance with budget or legal requirements. All of the funds of the City of Murfreesboro can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### ***Governmental Funds***

*Governmental funds* are used to account for most of the City's basic services. The governmental fund statements provide a detailed short-term view of the City's general government operations by using a modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund information is useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those of the government-wide financial statements are explained in a reconciliation following each governmental fund statement.

The City of Murfreesboro maintains thirty-one (31) individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the general purpose school fund, the debt service fund and the Gateway Project fund, which are considered to be major funds. Data from the other twenty-seven (27) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in combining statements in the supplemental section of this report.

The basic governmental fund financial statements can be found on pages 19 - 23 of this report.

### ***Proprietary Funds***

There are two types of proprietary funds: *enterprise funds* and *internal service funds*.

*Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The City's water and sewer department and electric department are considered to be major funds and are displayed separately in the proprietary fund statements on pages 24 - 27 of this report. The City's other three (3) enterprise funds are combined into a single column for non-major funds.

*Internal service funds* are used to account for activities that provide supplies and services for the City's other programs and activities. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The City of Murfreesboro uses internal service funds to account for its fleet maintenance of vehicles and for its self-insurance programs. They have been combined into a single column in the proprietary fund financial statements on pages 24 - 27 of this report. Detailed financial data for those funds can be found in the combining statements in the supplemental section of this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements can be found on pages 28 - 29 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 - 56 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. This section also includes budgetary comparison schedules for certain major governmental funds. Required supplementary information can be found on pages 57 - 66 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions and certain budgetary comparison schedules. Combining statements and individual fund schedules can be found on pages 67 - 113 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$433,139,876 at June 30, 2004. The largest part of the City of Murfreesboro's net assets (80 percent) reflects its investment in capital assets (land, buildings and improvements, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The largest change in net assets is the portion invested in governmental activities capital assets, net of related debt. Approximately 39 percent of the \$27,976,071 increase in governmental activities capital assets is due to land and infrastructure donated to the City for neighborhood right-of-ways and streets from various developers. The table below focuses on the net assets of the City's governmental and business-type activities:

### NET ASSETS June 30, 2004

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
		(Restated)				(Restated)
Current and other assets	\$ 90,612,711	\$ 88,751,912	\$ 26,035,303	\$ 28,340,759	\$ 116,648,014	\$ 117,092,671
Capital assets	218,760,740	186,562,805	297,057,957	267,863,491	515,818,697	454,426,296
Total assets	309,373,451	275,314,717	323,093,260	296,204,250	632,466,711	571,518,967
Long-term liabilities outstanding	97,419,732	93,855,015	81,234,393	72,190,415	178,654,125	166,045,430
Other liabilities	10,662,684	7,571,396	10,010,026	6,651,965	20,672,710	14,223,361
Total liabilities	108,082,416	101,426,411	91,244,419	78,842,380	199,326,835	180,268,791
Net assets:						
Invested in capital assets,						
net of related debt	130,951,307	105,289,427	215,887,440	195,102,675	346,848,747	300,392,102
Restricted	25,137,765	22,481,893	11,293,939	14,906,523	36,431,704	37,388,418
Unrestricted	45,201,963	46,116,986	4,657,462	7,352,672	49,859,425	53,469,656
Total net assets	\$ 201,291,035	\$ 173,888,306	\$ 231,848,841	\$ 217,361,870	\$ 433,139,876	\$ 391,250,176

There are 8 percent of the City's net assets that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$49,797,087) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the City of Murfreesboro is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for governmental and business-type activities.

### Governmental Activities

Governmental activities increased the City of Murfreesboro's net assets by \$27,402,729 thereby accounting for 65 percent of the total growth in the net assets. Key elements of this increase are as follows:

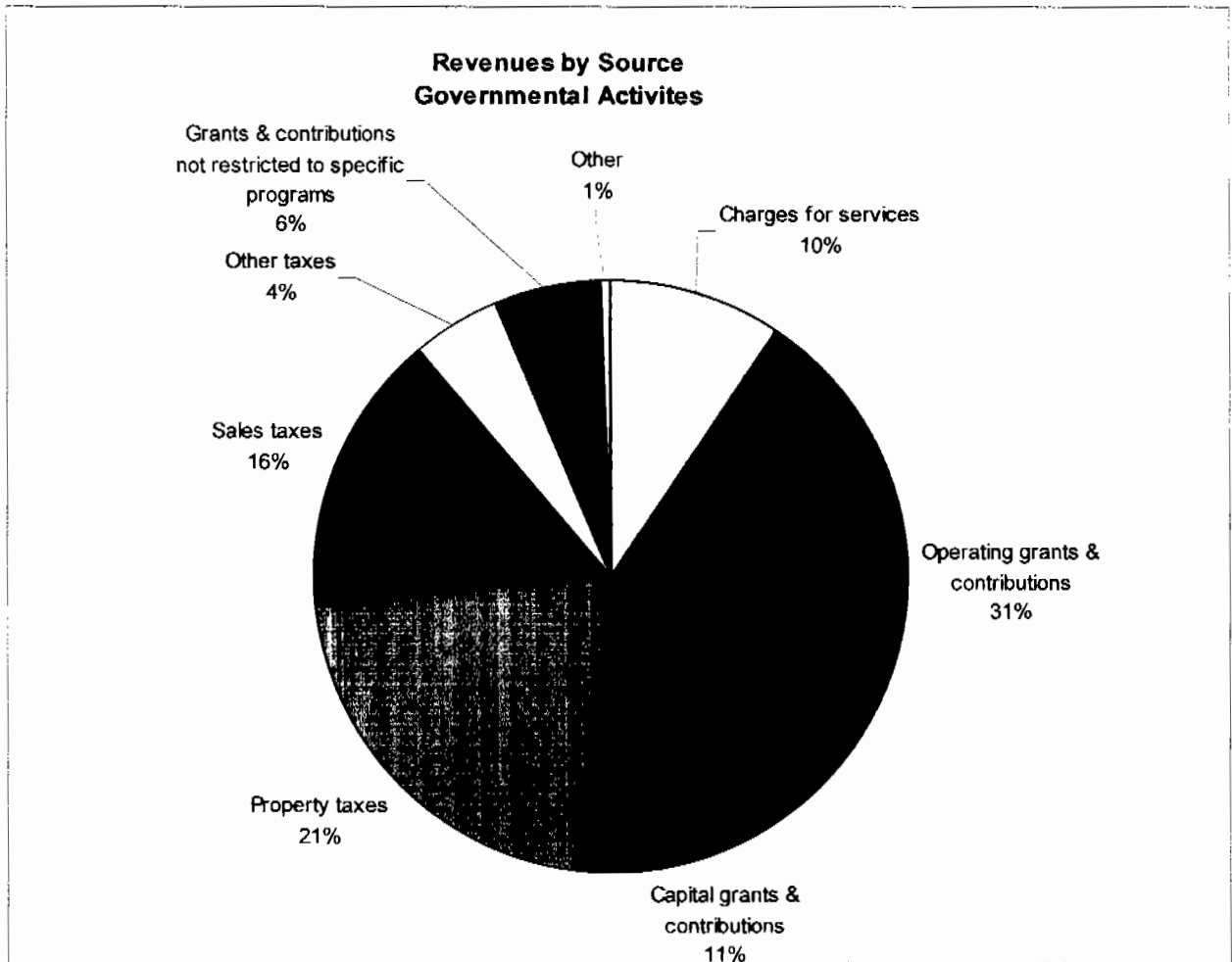
# CHANGES IN NET ASSETS

June 30, 2004

	Governmental Activities		Business-type Activities		Total	
	2004	2003 (Restated)	2004	2003	2004	2003 (Restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,429,229	\$ 10,963,870	\$ 98,956,412	\$ 91,139,156	\$ 111,385,641	\$ 102,103,026
Operating grants & contributions	41,163,018	38,995,216	14,931	68,341	41,177,949	39,063,557
Capital grants & contributions	14,642,477	21,640,562	11,866,450	7,726,149	26,508,927	29,366,711
General revenues:						
Property taxes	27,636,039	27,185,759			27,636,039	27,185,759
Other taxes	26,282,742	22,719,035			26,282,742	22,719,035
Grants & contributions not restricted to specific programs	7,746,526	6,720,868			7,746,526	6,720,868
Other	766,146	797,228	227,051	732,573	993,197	1,529,801
<b>Total revenues</b>	<b>\$ 130,666,177</b>	<b>\$ 129,022,538</b>	<b>\$ 111,064,844</b>	<b>\$ 99,666,219</b>	<b>\$ 241,731,021</b>	<b>\$ 228,688,757</b>
<b>Expenses:</b>						
Administrative and general	\$ 10,480,078	\$ 9,744,086			\$ 10,480,078	\$ 9,744,086
Police	10,567,162	10,135,170			10,567,162	10,135,170
Fire protection	7,579,266	7,311,950			7,579,266	7,311,950
Judicial	265,559	265,194			265,559	265,194
Legal	396,578	384,252			396,578	384,252
Personnel	385,962	344,507			385,962	344,507
Streets	7,307,752	4,828,104			7,307,752	4,828,104
Planning and engineering	1,591,616	1,550,385			1,591,616	1,550,385
Building inspections	848,527	792,627			848,527	792,627
Sanitation	2,960,831	2,885,087			2,960,831	2,885,087
Urban environmental	401,802	360,213			401,802	360,213
Public health, safety and other	1,304,758	1,235,539			1,304,758	1,235,539
Other expenses	4,398,285	4,199,885			4,398,285	4,199,885
Recreation	8,797,250	6,622,259			8,797,250	6,622,259
Community development	834,883	702,044			834,883	702,044
Education	42,437,962	38,878,101			42,437,962	38,878,101
Food service	2,083,432	2,026,104			2,083,432	2,026,104
Interest on long-term debt	1,716,071	2,214,072			1,716,071	2,214,072
Water and sewer			\$ 19,669,239	\$ 18,491,414	19,669,239	18,491,414
Electric			76,598,655	70,820,633	76,598,655	70,820,633
Cemetery			344,372	312,599	344,372	312,599
<b>Total expenses</b>	<b>\$ 104,357,774</b>	<b>\$ 94,479,579</b>	<b>\$ 96,612,266</b>	<b>\$ 89,624,646</b>	<b>\$ 200,970,040</b>	<b>\$ 184,104,225</b>
<b>Increase in net assets before contributions and transfers</b>	<b>\$ 26,308,403</b>	<b>\$ 34,542,959</b>	<b>\$ 14,452,578</b>	<b>\$ 10,041,573</b>	<b>\$ 40,760,981</b>	<b>\$ 44,584,532</b>
<b>Contributions to permanent funds</b>			51,763	52,825	51,763	52,825
<b>Gain on sale of assets</b>	<b>274,956</b>	<b>4,378,279</b>			274,956	4,378,279
<b>Reduction in estimated landfill post-closure costs</b>	<b>802,000</b>	<b>565,000</b>			802,000	565,000
<b>Transfers</b>	<b>17,370</b>	<b>63,552</b>	<b>(17,370)</b>	<b>(63,552)</b>		
<b>Increase in net assets</b>	<b>\$ 27,402,729</b>	<b>\$ 39,549,790</b>	<b>\$ 14,486,971</b>	<b>\$ 10,030,846</b>	<b>\$ 41,889,700</b>	<b>\$ 49,580,636</b>
<b>Net assets - beginning, as restated</b>	<b>173,888,306</b>	<b>134,338,516</b>	<b>217,361,870</b>	<b>207,331,024</b>	<b>391,250,176</b>	<b>341,869,540</b>
<b>Net assets at end of year</b>	<b>\$ 201,291,035</b>	<b>\$ 173,888,306</b>	<b>\$ 231,848,841</b>	<b>\$ 217,361,870</b>	<b>\$ 433,139,876</b>	<b>\$ 391,250,176</b>

Our continued population growth is evident in many of the increases in revenues and expenses in the table above. The Water and Sewer Department and the Electric Department experienced an increase in demand, along with the additional costs of providing the service needed by the growing customer base. The City has provided funds to the State of Tennessee for two new interchanges to be opened off Interstate 24 in the near future because of the heavy congestion experienced on our present interchanges. One of these new interchanges was well underway at June 30, 2004 and accounted for \$1.1 million (44 percent) of the increased costs in the Street expense category. As a result of the City's desire to keep the streets well maintained and increase in vehicle usage, the maintenance costs increased \$629,195. The cost of all governmental activities was \$104,357,774. However, as shown in the Changes in Net Assets table, 65 percent (\$68,234,724) of these costs were paid by those who directly benefited from the programs, or by other governments and organizations that

subsidized certain programs with operating grants and contributions and capital grants and contributions. The City paid for the remaining “public benefit” portion of governmental activities with taxes, general grants and contributions, and other miscellaneous revenue. Each program’s net cost to taxpayers is presented below:



### Net Program Cost to Taxpayers

Governmental activities:		Net (Expense)	
	Revenue	Expense	Revenue
Administrative and general	\$ 219,347	\$ 10,480,078	\$ (10,260,731)
Police	427,729	10,567,162	(10,139,433)
Fire protection	366,113	7,579,266	(7,213,153)
Judicial	1,746,298	265,559	1,480,739
Legal		396,578	(396,578)
Personnel		385,962	(385,962)
Streets	16,849,971	7,307,752	9,542,219
Planning and engineering	27,074	1,591,616	(1,564,542)
Building inspections	2,680,715	848,527	1,832,188
Sanitation	251,474	2,960,831	(2,709,357)
Urban environmental		401,802	(401,802)
Public health, safety and other	21,052	1,304,758	(1,283,706)
Other expenses	2,003,284	4,398,285	(2,395,001)
Recreation	2,316,296	8,797,250	(6,480,954)
Community development	859,767	834,883	24,884
Education	38,199,331	42,437,962	(4,238,631)
Food service	2,230,220	2,083,432	146,788
Interest on long-term debt	36,053	1,716,071	(1,680,018)
Total governmental activities	\$ 68,234,724	\$ 104,357,774	\$ (36,123,050)

Governmental net assets for fiscal year 2004 were increased by \$27,402,729 after payment of governmental activities expenses of \$104,357,774 with program revenues of \$68,234,724, general revenues of \$62,431,453, gain on sale of assets of \$274,956, reduction in estimated landfill post-closure costs of \$802,000 and transfers of \$17,370. Governmental net assets at June 30, 2004 were \$201,291,035.

### Program Expenses Governmental Activities

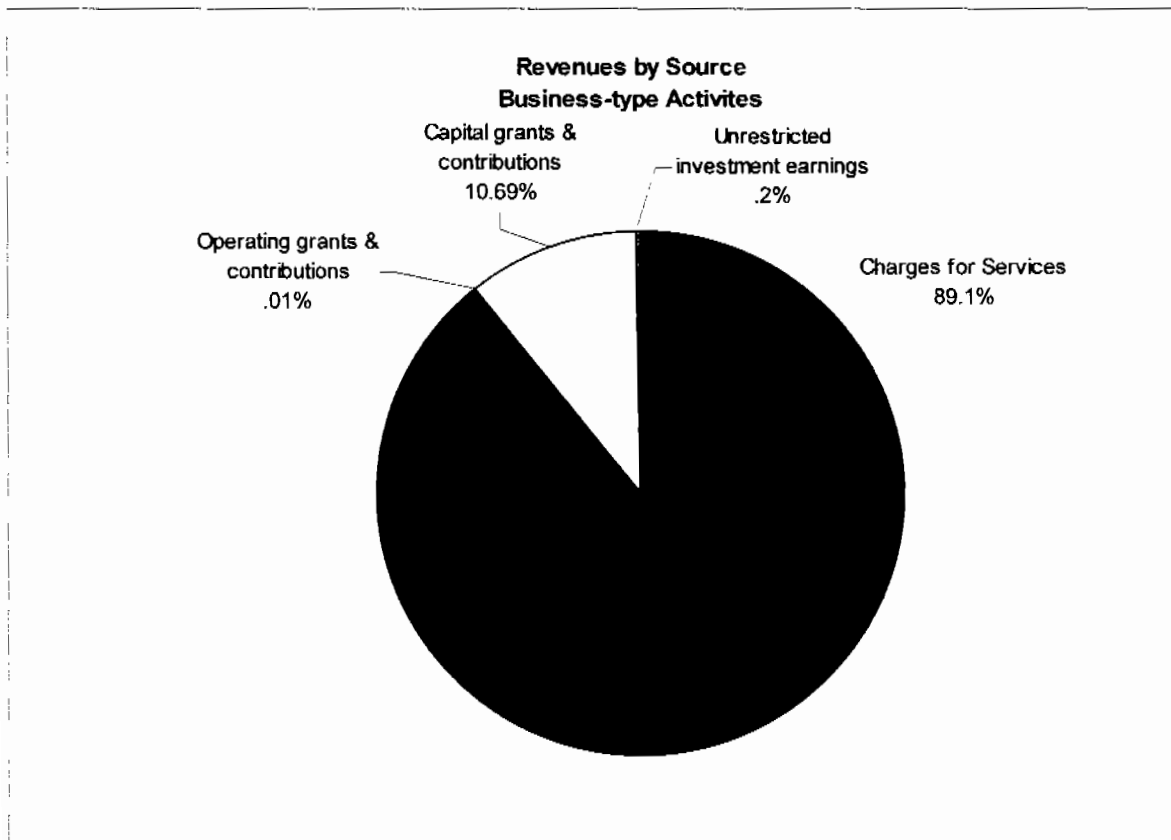
Governmental activities:			Governmental Activities		
	Total Expense	Percent of Total		Total Expense	Percent of Total
Administrative and general	\$ 10,480,078	10%	Sanitation	2,960,831	3%
Police	10,567,162	10%	Urban environmental	401,802	1%
Fire protection	7,579,266	7%	Public health, safety and other	1,304,758	1%
Judicial	265,559	0%	Other expenses	4,398,285	4%
Legal	396,578	0%	Recreation	8,797,250	8%
Personnel	385,962	0%	Community development	834,883	1%
Streets	7,307,752	7%	Education	42,437,962	41%
Planning and engineering	1,591,616	2%	Food service	2,083,432	2%
Building inspections	848,527	1%	Interest on long-term debt	1,716,071	2%
			Total governmental activities	\$ 104,357,774	100%

**Business-type Activities**

The business-type activities increased the City of Murfreesboro's net assets by \$14,486,971, accounting for 35 percent of the total growth of the City's net assets. The business-type activities include a water and sewer operation, an electrical distribution operation and a cemetery. The cost of all business-type activities this year was \$96,612,266. As shown in the Statement of Activities, the amounts paid by users of the operations were \$98,956,412. The additional revenue sources included operating grants and contributions of \$14,931, capital grants and contributions of \$11,866,450, unrestricted investment earnings of \$227,051, and contributions to permanent funds of \$51,763. There were also transfers to other funds of \$17,370.

**Expenses and Program Revenues  
Business-type Activities**

	Expenses	Program Revenue	Expense as a Percent of Revenue
Water & Sewer	\$ 19,669,239	\$ 30,368,311	65%
Electric	76,598,655	80,121,947	96%
Cemetery	344,372	347,535	99%
	<u>\$ 96,612,266</u>	<u>\$ 110,837,793</u>	87%





The Water and Sewer Department experienced a \$626,524 (3.5 percent) growth in operating revenues due to growth in the sewer customer base. The department closed 151 new job orders in the past fiscal year. An increase in operating expenses of \$1,139,140 (7.02 percent) was largely due to labor and related costs, as well as significantly increased fuel and electricity costs. Employees manned the job sites of outside contractors, working overtime to oversee the jobs in-progress of the various developments. The Water and Sewer Department also experienced a \$427,881 (78.4 percent) decrease in nonoperating revenues due to the use of cash flow for investment in capital assets and low interest rates. Developer contributions to the water and sewer system increased \$4,140,301 (53.6 percent) due to the continued growth of the City. The Electric Department experienced a \$7,143,829 (9.8 percent) increase in operating revenue due to new customer growth and a 6.9% rate increase. The cost of purchased power increased \$5,043,624 (8.4 percent) due to a 5.9 percent TVA rate increase.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

### **Governmental Funds**

As of June 30, 2004 the City of Murfreesboro's governmental funds reported combined ending fund balances of \$37,958,250, a decrease of \$2,084,202 in comparison with the prior year. The majority of the decrease in fund balance is from the Gateway Project, which decreased \$5,466,603. This project is being developed as a major gateway into the city with a hospital and large retail area. Costs for the infrastructure are being advanced by the General Fund and net proceeds of land sales. The General Purpose School Fund had a \$1,486,038 increase in fund balance because of increased funding from the state because of student population growth and increased property tax and sales tax revenues from local governments. The decrease in fund balance for Other Governmental Funds is due in large part to the decrease in fund balance of the Capital Improvement and Contingency Fund of \$1,982,475 of which \$1,623,279 relates to the building of a new school.

The general fund is the chief operating fund of the City of Murfreesboro. At June 30, 2004, the fund balance is \$27,520,608, an increase of \$5,329,065. The City experienced increases in several revenue accounts, including property taxes, sales taxes, gross receipts taxes and permits related to the building industry because of the continued growth surge in our area. The most significant increase is in the local sales tax revenue which increased \$2,836,523 (16 percent). Along with this growth surge has come the responsibility of providing services to these new residents. These additional services have increased our employee costs for labor and benefits, funding needs for our schools, and providing recreational facilities for our citizens.

### **Proprietary Funds**

The City of Murfreesboro's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net assets of the Water and Sewer Department at June 30, 2004 were \$176,024,742, which is an increase of \$10,660,434. The Electric Department had net assets of \$54,547,448 at June 30, 2004, which is an increase of \$3,600,425. Net assets for the other proprietary funds at June 30, 2004 were \$463,161, which is an increase of \$38,713.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the original budget and the final amended budget was \$20,000. The two most significant variations of actual results versus the budget were tax revenue was \$4,061,501 more than budgeted and transfers-out was \$1,686,550 less than budgeted, accounting for the majority of the variation between actual results and budget. The City did not transfer \$577,950 to the City's debt service fund because of continued low interest rates experienced by the variable rate loans utilized. A savings was also realized of \$646,017 that was not transferred to the recreation department largely due to reduced part-time employee needs.

The budget planned for a \$2,299,999 shortfall to be funded from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon fund balance.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City of Murfreesboro's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to \$515,818,697 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, certain infrastructure, and utility distribution systems. The prior year numbers were restated as the City continued its on-going project of recording infrastructure and related assets as allowed by GASB 34's phase-in plan. The total increase in the City of Murfreesboro's investment in capital assets for the current fiscal year was 14 percent (a 19 percent increase for governmental activities and an 11 percent increase for business-type activities).

Land increased \$7,085,107, of which 89 percent is for street project right-of-way. Land was also acquired for a new school site at the cost of \$945,210. Construction in progress is composed largely of road and drainage projects at June 30, 2004. A multi-purpose recreational facility and reconstruction to the municipal golf course were completed and capitalized during the year, as well as a variety of street projects.

Infrastructure assets include roads, bridges, sidewalks, and lighting systems. Certain of these assets, which are stationary and can be preserved for significantly longer than most capital assets, were been included in the City's financial statements for the first time in the fiscal year June 30, 2002. The assets included are those that were constructed, acquired or completed on or after July 1, 2001. Pursuant to GASB Statement No. 34, for all fiscal years beginning after June 15, 2005, the City must retroactively report all infrastructure assets

acquired before July 1, 2001. The City expects to accomplish this retroactive reporting of infrastructure by that deadline.

As a result of maintained population growth, the utility operations continued additions and improvements of the distribution lines for a net increase in utility assets of \$17,473,340. Additionally, the utility operations have a net increase in construction in progress of \$8,979,172 as they strive to maintain the operation and distribution levels needed to serve the continued growth of our area.

### Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2004	2003 (Restated)	2004	2003	2004	2003 (Restated)
Non-Depreciable Assets:						
Land	\$ 51,720,902	\$ 45,097,479	\$ 17,477,828	\$ 11,420,294	\$ 69,198,730	\$ 56,517,773
Water storage rights			3,051,429	3,051,429	3,051,429	3,051,429
Construction in progress	31,547,300	37,697,806	34,907,398	25,928,226	66,454,698	63,626,032
Other Capital Assets:					0	0
Buildings	80,870,070	70,279,122	54,402,620	54,565,446	135,272,690	124,844,568
Improvements other than buildings	29,176,217	26,255,578			29,176,217	26,255,578
Transmission & distribution mains			154,706,815	137,233,475	154,706,815	137,233,475
Electric plants			71,796,510	68,202,109	71,796,510	68,202,109
Unamortized plant acquisition			1,086,615	877,124	1,086,615	877,124
Equipment	21,921,194	19,527,050	30,733,315	30,406,043	52,654,509	49,933,093
Infrastructure	43,157,514	23,962,706			43,157,514	23,962,706
Accumulated depreciation	(39,632,457)	(36,256,936)	(71,104,573)	(63,820,655)	(110,737,030)	(100,077,591)
Total	\$ 218,760,740	\$ 186,562,805	\$ 297,057,957	\$ 267,863,491	\$ 515,818,697	\$ 454,426,296

Additional information on the City of Murfreesboro's capital assets can be found in note F on pages 40 - 42 of this report.

#### Long-term Debt

Total long-term debt for the City of Murfreesboro increased \$12,608,695 during the year ended June 30, 2004. Debt from governmental activities increased \$3,564,717 (3.8 percent) and business-type activities debt has increased \$9,043,978 (12.5 percent).

The City has 85 percent of its governmental long-term debt in the form of variable rate loans from the Tennessee Municipal Bond Fund; the average variable interest rate for the year was 1.14 percent. These loans are drawn down periodically as the money is needed for a variety of projects, the largest of which is street improvements.

The Water and Sewer Department had \$10,873,847 drawn down from Tennessee Municipal Bond Fund loans during the fiscal year ended June 30, 2004 for funding of several capital improvement projects.

Additional information on the City of Murfreesboro's long-term debt can be found in note G on pages 42 - 46 of this report.

## Long-term Debt Outstanding June 30, 2004

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 8,930,000	\$ 12,670,000	\$ 1,095,000	\$ 1,340,000	\$ 10,025,000	\$ 14,010,000
Tennessee Municipal Bond Fund loans	82,926,540	75,671,405	19,310,256	9,629,310	102,236,796	85,300,715
Revenue bonds			5,915,000	6,725,000	5,915,000	6,725,000
Matured bonds payable			36,000	36,002	36,000	36,002
Less: Deferred amounts	30,338		(104,416)	(122,574)	(74,078)	(122,574)
State revolving loan			52,784,276	52,891,293	52,784,276	52,891,293
Estimated landfill closure costs	445,000	1,247,000			445,000	1,247,000
Compensated absences	2,307,754	2,091,610	1,335,393	999,049	3,643,147	3,090,659
Loans payable - Utility plant acquisition			862,884	692,335	862,884	692,335
Claims and judgements	2,780,100	2,175,000			2,780,100	2,175,000
	<u>\$ 97,419,732</u>	<u>\$ 93,855,015</u>	<u>\$ 81,234,393</u>	<u>\$ 72,190,415</u>	<u>\$ 178,654,125</u>	<u>\$ 166,045,430</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Murfreesboro continues to be one of the fastest growing areas in the State of Tennessee. The special census conducted in 2002-2003 indicated the City has grown by 9% since the federal census done in 2000 and another special census is planned to begin in the spring of 2005. The City is actively pursuing a larger share of the state shared revenues, which are based on population. The City is actively recruiting industry and commercial growth by partnering with the Chamber of Commerce. A retail developer who purchased land from the City in the Gateway Project area in the prior fiscal year has begun to develop their site. The City expects to have additional land sales in the upcoming year. The committee in charge of the Gateway land development is carefully considering each offer in order to make this Project successful for the City. The City is currently considering proposals from large hotel chains who are interested in opening a hotel/conference center on land in the Gateway Project. We feel a nationally recognized hotel and conference center will make our City more attractive to conferences for large organizations and make us more competitive with surrounding counties who already have these facilities.

Our location in middle Tennessee has helped insulate our community from many of the problems counties that border our state have experienced because of residents going across the state-line to buy their goods. With our growth and this additional border insulation, our sales tax for the past year has been strong and our 2004-2005 budget forecasts continued strong sales tax collections.

The City Council continues to strive to improve the services our departments deliver and accommodate the growth of our City. The fire department is now a first responder to all accidents and additional equipment to meet those needs is being provided. Public safety accounts for 39% of the 2004-2005 budgeted General Fund expenditures. Homeland security is an additional need that is being addressed. Grant funds have been secured and equipment is being purchased to help equip our fire and police departments to prepare for emergency

responses. Additionally, the City is constructing a new school to open in 2005-2006 for the anticipated enrollment needs due to continued growth.

The Water and Sewer Department will open a new water tank in 2004-2005 and is currently constructing a replacement water tank expected to open 2005-2006. The department budgeted to cover the additional costs of operations by increasing charges to customers.

The Electric Department borrowed \$15 million in July 2004 from a variable rate loan to fund the rebuilding of two substations, the addition of one new substation, system expansion and improvements, and an automated meter reading system.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Murfreesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 1139, Murfreesboro, TN 37133-1139.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Net Assets**

**June 30, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 45,574,693	\$ 3,440,520	\$ 49,015,213
Receivables, net of allowance for uncollectibles	42,179,789	5,643,382	47,823,171
Internal balances	(825,274)	825,274	-
Inventories	230,348	2,000,611	2,230,959
Prepaid pension costs	1,808,041		1,808,041
Prepaid items and other assets	4,512	224,089	228,601
Deferred charges	62,338	1,607,488	1,669,826
Restricted assets -			
Cash and cash equivalents	293,435	10,412,937	10,706,372
Investments, at fair value	1,284,829	1,881,002	3,165,831
Capital assets -			
Land and construction in progress	83,268,202	55,436,655	138,704,857
Other capital assets, net of depreciation	135,492,538	241,621,302	377,113,840
Total Assets	\$ 309,373,451	\$ 323,093,260	\$ 632,466,711
<b><u>LIABILITIES</u></b>			
Cash overdraft	\$ 357,435		\$ 357,435
Accounts payable and accrued expenses	7,444,515	\$ 5,750,018	13,194,533
Contracts payable		1,085,130	1,085,130
Deferred revenue	1,781,295		1,781,295
Deposits held	992,156	2,889,263	3,881,419
Other deposits	30,638		30,638
Matured bond interest payable	807		807
Other liabilities	55,838	285,615	341,453
Long-term liabilities -			
Due within one year	13,715,607	8,865,576	22,581,183
Due in more than one year	83,704,125	72,368,817	156,072,942
Total Liabilities	\$ 108,082,416	\$ 91,244,419	\$ 199,326,835
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 130,951,307	\$ 215,897,440	\$ 346,848,747
Restricted for -			
Education	13,429,079		13,429,079
Capital activity and debt service	4,640,629	11,293,939	15,934,568
Highways and streets	2,005,522		2,005,522
Other purposes	3,726,943		3,726,943
Perpetual care -			
Expendable	114,026		114,026
Nonexpendable	1,221,566		1,221,566
Unrestricted	45,201,963	4,657,462	49,859,425
Total Net Assets	\$ 201,291,035	\$ 231,848,841	\$ 433,139,876

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Activities**

**Year Ended June 30, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities -				
Administrative and general	\$ 10,480,078	\$ 219,347		
Police	10,567,162	293,093	\$ 134,636	
Fire protection	7,579,266	366,113		
Judicial	265,559	1,746,298		
Legal	396,578			
Personnel	385,962			
Streets	7,307,752	25,666	2,319,062	\$ 14,505,243
Planning and engineering	1,591,616	27,074		
Building inspections	848,527	2,680,715		
Sanitation	2,960,831	49,441	202,033	
Urban environmental	401,802			
Public health, safety and other	1,304,758		21,052	
Other governmental activities	4,398,285	1,763,362	239,922	
Recreation	8,797,250	2,026,364	152,698	137,234
Community development	834,883	63,593	796,174	
Education	42,437,962	2,013,851	36,185,480	
Food service	2,083,432	1,118,259	1,111,961	
Interest on long-term debt	1,716,071	36,053		
Total governmental activities	\$ 104,357,774	\$ 12,429,229	\$ 41,163,018	\$ 14,642,477
Business-type activities -				
Water and sewer	\$ 19,669,239	\$ 18,501,861		\$ 11,866,450
Electric	76,598,655	80,121,947		
Cemetery	344,372	332,604	\$ 14,931	
Total business-type activities	\$ 96,612,266	\$ 98,956,412	\$ 14,931	\$ 11,866,450
Total primary government	\$ 200,970,040	\$ 111,385,641	\$ 41,177,949	\$ 26,508,927
General Revenues -				
Taxes -				
Property taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Contributions to permanent funds				
Gain on sale of assets				
Special item -				
Reduction in estimated landfill post-closure costs				
Transfers				
Total general revenues, special items, and transfers				
Change in net assets				
Net assets - beginning, as previously reported				
Prior period adjustment				
Net assets - beginning, as restated				
Net assets - ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (10,260,731)		\$ (10,260,731)
(10,139,433)		(10,139,433)
(7,213,153)		(7,213,153)
1,480,739		1,480,739
(396,578)		(396,578)
(385,962)		(385,962)
9,542,219		9,542,219
(1,564,542)		(1,564,542)
1,832,188		1,832,188
(2,709,357)		(2,709,357)
(401,802)		(401,802)
(1,283,706)		(1,283,706)
(2,395,001)		(2,395,001)
(6,480,954)		(6,480,954)
24,884		24,884
(4,238,631)		(4,238,631)
146,788		146,788
(1,680,018)		(1,680,018)
\$ (36,123,050)		\$ (36,123,050)
	\$ 10,699,072	\$ 10,699,072
	3,523,292	3,523,292
	3,163	3,163
	\$ 14,225,527	\$ 14,225,527
\$ (36,123,050)	\$ 14,225,527	\$ (21,897,523)
\$ 27,636,039		\$ 27,636,039
20,456,883		20,456,883
5,825,859		5,825,859
7,746,526		7,746,526
425,609	\$ 227,051	652,660
340,537		340,537
	51,763	51,763
274,956		274,956
802,000		802,000
17,370	(17,370)	
\$ 63,525,779	\$ 261,444	\$ 63,787,223
\$ 27,402,729	\$ 14,486,971	\$ 41,889,700
\$ 171,254,354	\$ 217,361,870	\$ 388,616,224
2,633,952		2,633,952
\$ 173,888,306	\$ 217,361,870	\$ 391,250,176
\$ 201,291,035	\$ 231,848,841	\$ 433,139,876



**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet**  
**Governmental Funds**

**June 30, 2004**

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service</u>	<u>Gateway Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 19,265,133	\$ 5,370,300	\$ 2,537,067	\$ 431,870	\$ 13,206,295	\$ 40,810,665
Receivables, net of allowance for uncollectibles -						
Taxes	25,663,737					25,663,737
Accounts		22,999			422,239	445,238
Other	760,613				35,876	796,489
Due from others				32,703	202,485	235,188
Due from other funds	6,784,394	136,176	2,676		1,159,701	8,082,947
Due from other governments	3,977,539	9,814,896			1,208,261	15,000,696
Prepaid items and deposits					1,925	1,925
Inventories					133,120	133,120
Restricted assets -						
Cash and cash equivalents	268,873				24,562	293,435
Investments, at fair value					1,284,829	1,284,829
Total Assets	<u>\$ 56,720,289</u>	<u>\$ 15,344,371</u>	<u>\$ 2,539,743</u>	<u>\$ 464,573</u>	<u>\$ 17,679,293</u>	<u>\$ 92,748,269</u>
<b><u>LIABILITIES</u></b>						
Cash overdrafts					\$ 357,435	\$ 357,435
Accounts payable	\$ 740,501	\$ 630,143		\$ 923,426	3,753,011	6,047,081
Accrued liabilities		196,810			144,987	341,797
Deposits held	992,156					992,156
Matured bond interest payable			\$ 807			807
Due to other funds	874,095	218,108		8,031,390	1,489,428	10,613,021
Due to other governments	484,263				90,965	575,228
Due to others					4,270	4,270
Deferred revenue	26,052,828	8,507,152			1,211,768	35,771,748
Other deposits					30,638	30,638
Other liabilities	55,838					55,838
Total Liabilities	<u>\$ 29,199,681</u>	<u>\$ 9,552,213</u>	<u>\$ 807</u>	<u>\$ 8,954,816</u>	<u>\$ 7,082,502</u>	<u>\$ 54,790,019</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet (continued)**

**Governmental Funds**

**June 30, 2004**

	<u>General</u>	<u>General Purpose School</u>	<u>Debt Service</u>	<u>Gateway Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>FUND BALANCES</u></b>						
Reserved for -						
Inventories					\$ 75,231	\$ 75,231
Encumbrances		\$ 55,999				55,999
Technology		1,773,698				1,773,698
Perpetual care					1,221,566	1,221,566
Other purposes	\$ 141,536	18,904				160,440
Unreserved, reported in -						
General Fund						
Designated	290,342					290,342
Undesignated	27,088,730					27,088,730
Special Revenue Funds						
Designated					513,766	513,766
Undesignated		3,943,557			5,651,221	9,594,778
Debt Service			\$ 2,538,936			2,538,936
Capital projects				\$ (8,490,243)	3,020,981	(5,469,262)
Permanent fund					114,026	114,026
Total Fund Balances	<u>\$ 27,520,608</u>	<u>\$ 5,792,158</u>	<u>\$ 2,538,936</u>	<u>\$ (8,490,243)</u>	<u>\$ 10,596,791</u>	<u>\$ 37,958,250</u>
Total Liabilities and Fund Balances	<u>\$ 56,720,289</u>	<u>\$ 15,344,371</u>	<u>\$ 2,539,743</u>	<u>\$ 464,573</u>	<u>\$ 17,679,293</u>	<u>\$ 92,748,269</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Reconciliation of Total Governmental Fund Balance  
to Net Assets of Governmental Activities**

**June 30, 2004**

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Total Governmental Fund Balances	\$ 37,958,250
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	218,760,740
Internal service funds are used by management to charge costs of employee health insurance, worker's compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,178,459
Charges are made by the general fund to other funds for costs of certain salaries and overhead costs. Internal balances related to charges to business-type funds are eliminated in the government-wide statements.	(827,614)
Prepaid pension costs are not available for current-period expenditures and, therefore, are not reported in the funds.	1,808,041
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	34,052,791
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(94,639,632)
Net Assets of Governmental Funds	<u>\$ 201,291,035</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**

**Year Ended June 30, 2004**

	General Fund	General Purpose School	Debt Service Fund	Gateway Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues-</b>						
Taxes	\$ 52,166,390				\$ 1,104,217	\$ 53,270,607
Intergovernmental	6,859,707	\$ 32,750,035			8,897,351	48,507,093
Charges for services	508,104	61,791			5,337,960	5,907,855
Interest and investment earnings	200,730		\$ 39,530	\$ 2,061	204,396	446,717
Licenses and permits	4,599,889					4,599,889
Miscellaneous	2,307,336	292,294	36,053	82,703	5,117,999	7,836,385
	<u>\$ 66,642,156</u>	<u>\$ 33,104,120</u>	<u>\$ 75,583</u>	<u>\$ 84,764</u>	<u>\$ 20,661,923</u>	<u>\$ 120,568,546</u>
<b>Expenditures-</b>						
<b>Current:</b>						
Administrative and general	\$ 10,492,519					\$ 10,492,519
Police	9,406,854				\$ 293,741	9,700,595
Fire protection	7,260,949					7,260,949
Judicial	265,283					265,283
Legal	392,291					392,291
Personnel	377,661					377,661
Streets	2,583,793				2,606,057	5,189,850
Planning and engineering	1,589,272					1,589,272
Building inspections	856,370					856,370
Sanitation					2,688,687	2,688,687
Urban Environmental	398,062					398,062
Public health, safety and other	1,179,909					1,179,909
Other expenditures	1,326,669				2,976,139	4,302,808
Recreation					6,684,636	6,684,636
Community development					852,389	852,389
Education		\$ 36,232,928			4,594,230	40,827,158
Food Service					2,083,432	2,083,432
Capital outlay/fixed assets		1,059,088		\$ 6,029,134	23,626,743	30,714,965
Debt service:						
Principal			\$ 20,167,365			20,167,365
Interest			1,607,220			1,607,220
Bond issuance cost and fiscal agent fees			163,453			163,453
	<u>\$ 36,129,632</u>	<u>\$ 37,292,016</u>	<u>\$ 21,938,038</u>	<u>\$ 6,029,134</u>	<u>\$ 46,406,054</u>	<u>\$ 147,794,874</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 30,512,524</u>	<u>\$ (4,187,896)</u>	<u>\$ (21,862,455)</u>	<u>\$ (5,944,370)</u>	<u>\$ (25,744,131)</u>	<u>\$ (27,226,328)</u>
<b>Other Financing Sources (Uses)-</b>						
Issuance of debt			\$ 6,322,600		\$ 17,382,500	\$ 23,705,100
Proceeds from sale of land				\$ 1,104,250		1,104,250
Transfers in		\$ 5,673,934	14,977,723		7,386,116	28,037,773
Transfers out	\$ (25,183,459)			(626,483)	(2,277,155)	(28,087,097)
	<u>\$ (25,183,459)</u>	<u>\$ 5,673,934</u>	<u>\$ 21,300,323</u>	<u>\$ 477,767</u>	<u>\$ 22,491,461</u>	<u>\$ 24,760,026</u>
<b>Net change in fund balance</b>	<u>\$ 5,329,065</u>	<u>\$ 1,486,038</u>	<u>\$ (562,132)</u>	<u>\$ (5,466,603)</u>	<u>\$ (3,252,670)</u>	<u>\$ (2,466,302)</u>
<b>Fund Balance at beginning of year, as previously stated</b>	\$ 22,191,543	\$ 4,306,120	\$ 3,101,068	\$ (3,023,640)	\$ 13,467,361	\$ 40,042,452
<b>Prior period adjustment</b>					382,100	382,100
<b>Fund Balance at beginning of year, as restated</b>	<u>\$ 22,191,543</u>	<u>\$ 4,306,120</u>	<u>\$ 3,101,068</u>	<u>\$ (3,023,640)</u>	<u>\$ 13,849,461</u>	<u>\$ 40,424,552</u>
<b>Fund Balance at end of year</b>	<u>\$ 27,520,608</u>	<u>\$ 5,792,158</u>	<u>\$ 2,538,936</u>	<u>\$ (8,490,243)</u>	<u>\$ 10,596,791</u>	<u>\$ 37,958,250</u>

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2004**

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Net Change in Fund Balances - Total Governmental Funds	\$ (2,466,302)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	22,634,507
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The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets.	9,563,428
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,396,469
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Bond and loan proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which debt issued exceeded repayments.	(3,475,135)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(50,547)
---	----------

Internal service funds are used by management to charge costs of employee health insurance, worker's compensation benefits, liability insurance, and fleet and equipment maintenance to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	1,831
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Charges are made by the general fund to other funds for costs of certain salaries and overhead costs. Internal balances related to charges to business-type funds are eliminated in the government-wide statements.	(201,522)
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Change in Net Assets of Governmental Activities	<u>\$ 27,402,729</u>
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See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Balance Sheet**  
**Proprietary Funds**

**June 30, 2004**

	<u>Business-Type Activities</u>				<u>Governmental Activities</u>
	<u>Murfreesboro Water and Sewer</u>	<u>Murfreesboro Electric Department</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<b><u>ASSETS</u></b>					
Current Assets -					
Cash and cash equivalents	\$ 2,898,662	\$ 368,992	\$ 172,866	\$ 3,440,520	\$ 4,764,028
Receivables -					
Accounts	1,087,787	4,513,599	41,233	5,642,619	
Other	763			763	19,691
Due from other funds			32,412	32,412	2,524,722
Due from other governments					18,750
Inventories	439,267	1,518,462	42,882	2,000,611	97,228
Prepaid items and other assets	109,810	109,927	4,352	224,089	2,587
Total Current Assets	\$ 4,536,289	\$ 6,510,980	\$ 293,745	\$ 11,341,014	\$ 7,427,006
Noncurrent Assets -					
Restricted assets -					
Cash and cash equivalents	\$ 9,567,908	\$ 845,029		\$ 10,412,937	
Investments	500,002	1,381,000		1,881,002	
Deferred charges	199,826	1,407,662		1,607,488	
Capital assets -					
Land and construction in progress	47,576,071	7,836,157	\$ 24,427	55,436,655	
Other capital assets, net of depreciation	186,250,766	55,222,610	147,926	241,621,302	
Total Noncurrent Assets	\$ 244,094,573	\$ 66,692,458	\$ 172,353	\$ 310,959,384	
Total Assets	\$ 248,630,862	\$ 73,203,438	\$ 466,098	\$ 322,300,398	\$ 7,427,006
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current Liabilities -					
Accounts payable	\$ 556,518	\$ 4,441,250		\$ 4,997,768	\$ 476,139
Contracts payable	1,085,130			1,085,130	
Accrued and withheld liabilities	19,480	729,833	\$ 2,937	752,250	
Due to other funds	20,628			20,628	6,431
Deposits held	84,545	2,804,718		2,889,263	
Compensated absences	559,047			559,047	
Claims and judgments payable					1,195,443
Unamortized premium on bonds	6,067			6,067	
Bonds and loans payable	7,064,536	1,235,926		8,300,462	
Total Current Liabilities	\$ 9,395,951	\$ 9,211,727	\$ 2,937	\$ 18,610,615	\$ 1,678,013
Noncurrent Liabilities -					
Compensated absences		\$ 776,346		\$ 776,346	
Claims and judgments payable					\$ 1,584,657
Bonds and loans payable	\$ 63,210,169	8,382,302		71,592,471	
Other liabilities		285,615		285,615	
Total Noncurrent Liabilities	\$ 63,210,169	\$ 9,444,263		\$ 72,654,432	\$ 1,584,657
Net Assets -					
Invested in capital assets, net of related debt	\$ 162,354,397	\$ 53,394,182	\$ 148,861	\$ 215,897,440	
Restricted for capital activity and debt service	10,067,910	1,226,029		11,293,939	
Unrestricted	3,602,435	(72,763)	314,300	3,843,972	\$ 4,164,336
Total Net Assets	\$ 176,024,742	\$ 54,547,448	\$ 463,161	\$ 231,035,351	\$ 4,164,336
Total Liabilities and Net Assets	\$ 248,630,862	\$ 73,203,438	\$ 466,098	\$ 322,300,398	\$ 7,427,006
Total Net Assets				\$ 231,035,351	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				629,753	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				183,737	
Net Assets of Business-Type Activities				\$ 231,848,841	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**

**Year Ended June 30, 2004**

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>	
	<u>Murfreesboro Water and Sewer</u>	<u>Murfreesboro Electric Department</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Operating Revenues -					
Charges for services	\$ 18,501,861	\$ 80,121,947	\$ 332,604	\$ 98,956,412	\$ 9,399,441
Federal revenues					75,000
Other revenues					13,124
	<u>\$ 18,501,861</u>	<u>\$ 80,121,947</u>	<u>\$ 332,604</u>	<u>\$ 98,956,412</u>	<u>\$ 9,487,565</u>
Operating Expenses -					
Power purchases		\$ 65,351,992		\$ 65,351,992	
Other operating expenses	\$ 10,885,140	4,923,068	\$ 323,536	16,131,744	\$ 1,611,277
Claims and administrative					7,934,166
Depreciation and amortization	5,628,563	2,736,504	20,836	8,385,903	
Maintenance and repairs	857,961	1,109,441		1,967,402	
Taxes and tax equivalents		2,116,105		2,116,105	
	<u>\$ 17,371,664</u>	<u>\$ 76,237,110</u>	<u>\$ 344,372</u>	<u>\$ 93,953,146</u>	<u>\$ 9,545,443</u>
Operating Income (Loss)	<u>\$ 1,130,197</u>	<u>\$ 3,884,837</u>	<u>\$ (11,768)</u>	<u>\$ 5,003,266</u>	<u>\$ (57,878)</u>
Nonoperating Revenues -					
Interest	\$ 118,057	\$ 107,837	\$ 1,157	\$ 227,051	\$ 45,586
Nonoperating Expenses -					
Interest	\$ 2,423,587	\$ 392,249		\$ 2,815,836	
Loss on disposal of assets	30,683			30,683	
	<u>\$ 2,454,270</u>	<u>\$ 392,249</u>		<u>\$ 2,846,519</u>	
Income (Loss) Before Capital Contributions and Transfers	\$ (1,206,016)	\$ 3,600,425	\$ (10,611)	\$ 2,383,798	\$ (12,292)
Capital contributions	11,866,450			11,866,450	
Transfers in			49,324	49,324	
Change in Net Assets	\$ 10,660,434	\$ 3,600,425	\$ 38,713	\$ 14,299,572	\$ (12,292)
Net Assets at beginning of year	165,364,308	50,947,023	424,448	216,735,779	4,176,628
Net Assets at end of year	<u>\$ 176,024,742</u>	<u>\$ 54,547,448</u>	<u>\$ 463,161</u>	<u>\$ 231,035,351</u>	<u>\$ 4,164,336</u>
Change in Net Assets				\$ 14,299,572	
Adjustment to reflect the elimination of internal charges for salaries and overhead related to enterprise funds				201,522	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(14,123)	
Change in Net Assets of Business-Type Activities				<u>\$ 14,486,971</u>	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Cash Flows**  
**Proprietary Funds**

**Year Ended June 30, 2004**

	Business-Type Activities				Governmental Activities
	Murfreesboro Water and Sewer	Murfreesboro Electric Department	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from Operating Activities -					
Cash received from customers	\$ 18,404,248	\$ 79,345,986	\$ 354,839	\$ 98,105,073	
Cash payments to suppliers and employees	(11,324,018)	(5,490,901)	(323,838)	(17,138,757)	\$ (1,374,591)
Cash payments to TVA for power		(62,916,965)		(62,916,965)	
Cash payments of property taxes		(1,877,966)		(1,877,966)	
Cash received from interfund services provided					9,758,879
Cash payments of claims and administrative expenses					(7,172,892)
Other receipts (payments)					(170,029)
Net Cash Provided (Used) by Operating Activities	\$ 7,080,230	\$ 9,060,154	\$ 31,001	\$ 16,171,385	\$ 1,041,367
Cash Flows from Noncapital Financing Activities -					
Payments on TVA conservation loans		\$ (43,671)		\$ (43,671)	
Transfers in			\$ 49,324	49,324	
Net Cash Provided (Used) by Noncapital Financing Activities		\$ (43,671)	\$ 49,324	\$ 5,653	
Cash Flows from Capital and Related Financing Activities -					
Acquisition and construction of fixed assets	\$ (22,723,936)	\$ (9,044,427)	\$ (42,949)	\$ (31,811,312)	
Proceeds from sale of assets	14,500			14,500	
Proceeds from tap and connection fees	5,848,342			5,848,342	
Proceeds from bonds and loans	13,564,858			13,564,858	
Principal payment on bonds and loans	(3,950,511)	(1,208,423)		(5,158,934)	
Loan costs	(159,807)			(159,807)	
Interest paid on bonds and loans	(2,415,953)	(395,416)		(2,811,369)	
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (9,822,507)	\$ (10,648,266)	\$ (42,949)	\$ (20,513,722)	
Cash Flows From Investing Activities -					
Interest received	\$ 139,412	\$ 110,445	\$ 1,157	\$ 251,014	\$ 47,119
Maturities of investments	9,500,000	1,030,000		10,530,000	
Purchase of investments		(1,381,000)		(1,381,000)	
Net Cash Provided (Used) by Investing Activities	\$ 9,639,412	\$ (240,555)	\$ 1,157	\$ 9,400,014	\$ 47,119
Net Increase (Decrease) in cash and cash equivalents	\$ 6,897,135	\$ (1,872,338)	\$ 38,533	\$ 5,063,330	\$ 1,088,486
Cash and Cash Equivalents at beginning of year	5,569,435	3,086,359	134,333	8,790,127	3,675,542
Cash and Cash Equivalents at end of year	\$ 12,466,570	\$ 1,214,021	\$ 172,866	\$ 13,853,457	\$ 4,764,028

(continued)



**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Cash Flows (continued)**

**Proprietary Funds**

**Year Ended June 30, 2004**

	<u>Business-Type Activities</u>				<u>Governmental Activities</u>
	<u>Murfreesboro Water and Sewer</u>	<u>Murfreesboro Electric Department</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,130,197	\$ 3,884,837	\$ (11,768)	\$ 5,003,266	\$ (57,878)
Adjustments to reconcile net earnings to net cash provided (used) by operating activities					
Depreciation and amortization	6,058,392	2,834,067	20,836	8,913,295	
Loss on disposal of assets	(30,683)			(30,683)	
Changes in assets and liabilities -					
Accounts receivable	(55,913)	(1,018,983)	21,631	(1,053,265)	
Due from other funds					359,438
Due from other governments					(18,750)
Inventory	(18,524)	(446,725)	(1,349)	(466,598)	(7,628)
Prepaid items	20,557	5,632	(191)	25,998	49,909
Other current assets		(1,272)		(1,272)	(8,773)
Conservation loans receivable		49,503		49,503	
Deferred charges		57,619		57,619	
Accounts payable	354,508	3,288,244		3,642,752	720,138
Contracts and retainage payable	(253,633)			(253,633)	
Due to other funds	(33,773)			(33,773)	4,911
Accrued and withheld liabilities	(55,265)	242,907	(46)	187,596	
Other liabilities		(29,194)		(29,194)	
Deposits	(41,700)	193,519		151,819	
Unamortized premium on bonds	6,067			6,067	
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,080,230</u>	<u>\$ 9,060,154</u>	<u>\$ 29,113</u>	<u>\$ 16,169,497</u>	<u>\$ 1,041,367</u>
Non-Cash Capital and Related Financing Activities -					
Utility acquisition debt incurred		\$ 274,972		\$ 274,972	
Contributions in aid of construction	\$ 6,018,108			6,018,108	
	<u>\$ 6,018,108</u>	<u>\$ 274,972</u>		<u>\$ 6,293,080</u>	
Reconciliation to Cash and Cash Equivalents Presented in Statement of Net Assets -					
Cash and cash equivalents	\$ 2,898,662	\$ 368,992	\$ 172,866	\$ 3,440,520	\$ 4,764,028
Cash and cash equivalents - restricted	9,567,908	845,029		10,412,937	
Cash and cash equivalents at end of year	<u>\$ 12,466,570</u>	<u>\$ 1,214,021</u>	<u>\$ 172,866</u>	<u>\$ 13,853,457</u>	<u>\$ 4,764,028</u>
Reconciliation of Depreciation and Amortization Expense per Statement of Revenue, Expenses, and Changes in Net Assets to Depreciation and Amortization Expense per Statement of Cash Flows -					
Depreciation and amortization expense per Statement of Revenue, Expenses, and Changes in Net Assets	\$ 5,628,563	\$ 2,736,504	\$ 20,836	\$ 8,385,903	
Depreciation and amortization expense charged to operations and maintenance expense on Statement of Revenue, Expenses, and Changes in Net Assets	429,829	97,563		527,392	
Depreciation and amortization expense per Statement of Cash Flows	<u>\$ 6,058,392</u>	<u>\$ 2,834,067</u>	<u>\$ 20,836</u>	<u>\$ 8,913,295</u>	

See notes to financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Net Assets**  
**Fiduciary Funds**

**June 30, 2004**

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>	<u>School Activity Agency Fund</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,021,456	\$ 146,869	\$ 635,792
Investments	58,099,401		
Accrued interest receivable	65,117		
Contributions receivable	709,287		
Other receivables			906
Inventory			17,220
	<u>\$ 61,895,261</u>	<u>\$ 146,869</u>	<u>\$ 653,918</u>
<b><u>LIABILITIES</u></b>			
Due to others			<u>\$ 653,918</u>
<b><u>NET ASSETS</u></b>			
Net Assets -			
Held in trust for pension benefits and other purposes	<u>\$ 61,895,261</u>	<u>\$ 146,869</u>	<u>\$ - 0 -</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**

**Year Ended June 30, 2004**

	<u>Pension Trust Funds</u>	<u>Extended School Program Private Purpose Trust Fund</u>
Additions -		
Contributions -		
Employer	\$ 3,203,771	
Investment income-		
Net appreciation in fair value of investments	\$ 3,554,632	
Interest	1,376,310	\$ 4,890
Dividends	483,838	
Total investment income	\$ 5,414,780	\$ 4,890
Less investment fees	(27,030)	
Net investment income	\$ 5,387,750	\$ 4,890
Total additions	\$ 8,591,521	\$ 4,890
Deductions -		
Benefits to participants	\$ 1,767,315	
Insurance premiums	371,125	
Total deductions	\$ 2,138,440	
Net Increase (Decrease)	\$ 6,453,081	\$ 4,890
Net Assets Held in Trust for Pension Benefits -		
Beginning of year	55,442,190	141,979
End of year	\$ 61,895,271	\$ 146,869

See notes to financial statements.

# **CITY OF MURFREESBORO, TENNESSEE**

## **Notes to Financial Statements**

**June 30, 2004**

### **Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Murfreesboro, Tennessee (the "City") was first chartered by the Tennessee General Assembly (State Legislature) in 1811. The present charter was granted in 1931 and has been amended as needed. The City operates under a Council-Manager form of government. The City's major operations include police and fire protection, parks, education, recreation, public works and general administrative services. In addition, the City owns and operates a water and sewer system and an electric utility.

The accounting and reporting policies of the City relating to the funds included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply to its enterprise activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The GASB periodically updates its codification of the existing Governmental Accounting and Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the City are described below.

In June 1999, the GASB issued Statement No. 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provides for the most significant change in financial reporting in over twenty years and requires implementation starting with fiscal years ending after June 15, 2002. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City implemented the general provisions of the Statement in the year ended June 30, 2002. The retroactive reporting of infrastructure is required to be implemented no later than fiscal years beginning after June 15, 2005.

#### **Reporting Entity**

The City, for financial purposes, includes all the funds relevant to the operations of the City of Murfreesboro, Tennessee (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Murfreesboro has no component units.

Complete financial statements of individual departments, considered part of the primary government, can be obtained from the administrative offices in the following locations:

Murfreesboro City Schools Central Office  
2552 South Church Street  
Murfreesboro

Evergreen Cemetery  
519 Greenland Drive  
Murfreesboro

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

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**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Murfreesboro Electric Department  
205 North Maple Street  
Murfreesboro

Murfreesboro Water and Sewer Department  
300 Northwest Broad Street  
Murfreesboro

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, state and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Property taxes and accounts receivable are reduced by an allowance for uncollectible accounts.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

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**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The new model as defined in Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a single column in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

General Purpose School Fund - The general purpose school fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for education.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of principal, interest, and related costs of general long-term debt.

Gateway Project Fund - The Gateway Project Fund is a capital projects fund used to account for financial resources to be used for the development of land as a major gateway into the City.

The City reports the following major proprietary funds:

Murfreesboro Water and Sewer Fund - The Water and Sewer fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Murfreesboro Electric Department Fund - The Electric Department fund accounts for the revenue and costs for providing electric utility service for the residential and commercial concerns of the City.

Additionally, the government reports the following fund types:

Internal Service Funds - The internal service funds consist of a *fleet services fund* that accounts for fleet and equipment management to other departments or agencies of the government on a cost reimbursement basis, a *risk management fund* that accounts for revenues and costs associated with the City's self-funded liability and worker's compensation insurance programs, and an *insurance fund* that accounts for revenues and costs associated with the City's self-funded group health insurance plan.

Pension Trust Funds - The pension trust funds account for assets held on behalf of City employees.

Private-purpose Trust Fund - The private-purpose trust fund accounts for funds donated to the Extended School Program. These funds are to be preserved and maintained so as to produce income to be used for tuition grants.

Agency Fund - The agency fund accounts for the assets held by the schools in an agency capacity on behalf of various student, teacher and parent organizations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund and the electric department fund and of the City's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources when budgeted first, then restricted resources as they are needed.

**Assets, Liabilities, and Net Assets or Equity**

**Cash and Cash Equivalents** - For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash in checking accounts, interest-bearing deposits, and highly liquid investments (including restricted assets of the Water and Sewer department) with an original maturity of three months or less.

**Investments** - Investments are stated at fair value for all funds.

**Inventories** - Inventories held by the Enterprise Funds are stated at average cost on a first-in, first-out basis. Special Revenue Fund inventories are stated at cost on a first-in, first-out basis. The cost of inventories is recorded as expenditures when consumed. Inventories reported in governmental funds are offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though it is a component of net current assets. Although a reservation of fund balance is not required under the consumption method, this reservation is shown for management purposes only.

**Restricted Assets** - The City's restricted assets consist of the following:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u>	<u>Other</u>	<u>Murfreesboro</u>	<u>Murfreesboro</u>	
	<u>Fund</u>	<u>Governmental</u>	<u>Water and</u>	<u>Electric</u>	
		<u>Funds</u>	<u>Sewer</u>	<u>Department</u>	<u>Total</u>
Restricted assets -					
Cash and cash equivalents	\$ 268,873	\$ 24,562	\$ 9,567,908	\$ 845,029	\$ 10,706,372
Investments		1,284,829	500,002	1,381,000	3,165,831
Total restricted assets	<u>\$ 268,873</u>	<u>\$ 1,309,391</u>	<u>\$ 10,067,910</u>	<u>\$ 2,226,029</u>	<u>\$ 13,872,203</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

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**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Restricted Assets – Governmental Activities -**

Certain proceeds from outside sources have been classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by outside sources. The general fund maintains separate bank accounts for the following restricted funds: Equitable sharing, police, felony funds, 125 plan contributions, and an unemployment insurance reserve. The amount of restricted funds in the general fund at June 30, 2004 is \$268,873.

The Cemetery is required by law to contribute twenty percent of lot sale proceeds into a perpetual care fund. The perpetual care fund is to ensure the maintenance of the Cemetery for future years. The Cemetery had \$24,562 in cash on hand and bank accounts, which was restricted in this manner at June 30, 2004. Also, periodically contributions are made in trust to local financial institutions for investments of funds received from the issuance of perpetual care certificates. The amount of investments restricted in this manner at June 30, 2004 is \$1,284,829.

**Restricted Assets – Business-type Activities -**

The Water and Sewer fund has restricted funds for plant expansion and replacement funds that are to be used for specifically approved capital improvements, both current and anticipated expansions and major repairs and replacements of existing plant to include emergency contingencies for major catastrophes and acts of God. The total amount restricted for this purpose is \$1,688,792. Water and Sewer connection fees in the amount of \$7,479,464 are restricted for new development and construction. The reserve sinking fund was required by the U.S. Army Corp of Engineers in the contract for the Water and Sewer Department to pump water from Percy Priest Lake. The total amount restricted for this purpose is \$18,852. Also, during the fiscal year ended June 30, 2004, an interest income reserve was set up by the Water and Sewer Board to reserve interest earned on non operational funds so it would not be used in the rate structure. At June 30, 2004, \$116,702 was restricted for this purpose. Certain other amounts have been restricted for future year debt payments. The debt service reserve fund was established by the Water and Sewer Board. At June 30, 1992, the Board determined that the restricted bond fund was adequately funded and therefore, no additional funding has been made. The amount of reserve for future year debt payments at June 30, 2004 is \$764,100.

The Electric Department has restricted funds in accordance with revenue bond ordinances which require the Department to establish a sinking fund to pay annual obligations for interest and principal on maturing bonds. At June 30, 2004, \$1,196,029 was restricted for this purpose. In addition to sinking fund requirements, the bond ordinances require the Department to maintain reserves for renewal and replacement of utility plant financed by the bond issuances. The amount restricted for this purpose at June 30, 2004 is \$30,000. The plant expansion and replacement fund, which totals \$1,000,000, is restricted to be used specifically for approved capital improvements, both current and anticipated expansions, and major repairs and replacements of existing plant to include emergency contingencies for major catastrophes and acts of God (lightning, wind, etc.).

**Capital Assets and Depreciation** - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Also, included in capital assets are infrastructure assets (e.g. streets, bridges, sidewalks, and similar items) constructed, acquired or completed on or after July 1, 2001. Pursuant to GASB Statement No. 34, for all fiscal years beginning after June 15, 2005, the City must retroactively report all infrastructure assets acquired before July 1, 2001. The City expects to accomplish retroactive reporting of infrastructure by the deadline.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The City defines capital assets as assets with an individual cost of more than \$5,000.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.



**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

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**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	10 – 50 years
Other improvements	20 – 50 years
Equipment	3 – 25 years
Infrastructure	10 – 50 years

Total depreciation and amortization expense for proprietary funds amounted to \$8,913,295 for the year ended June 30, 2004. Depreciation applicable to transportation equipment is charged to a transportation clearing account and then distributed to utility plant, construction work in progress and operating expenses based on the utilization of the equipment. Depreciation accounted for in this manner results in a difference between depreciation reported in the accompanying statement of cash flows and the amount reported in the statement of revenues, expenses and changes in net assets. A reconciliation of this difference is provided below:

	<u>Total Proprietary Funds</u>
Depreciation and amortization on statement of cash flows	\$ 8,913,295
Depreciation and amortization on statement of revenues, expenses, and changes in net assets	<u>8,385,903</u>
Difference (depreciation applicable to transportation equipment)	\$ <u>527,392</u>

Interest cost incurred by the Murfreesboro Electric Department, during the construction of fixed assets is normally expensed due to the short duration of the construction period.

Long-term Debt – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, accrued compensated absences and claims and judgments payable.

Long-term debt for governmental funds is not reported in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for long-term debt in the proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences - City employees accrue personal leave, or compensated absences, by prescribed formula based on length of service. The value of accumulated benefits earned by employees, which may be used in subsequent years or paid upon termination or retirement, is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Property Taxes – An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on October 1 and are collected by the City Recorder. Taxes not paid by December 31 are declared delinquent. A provision for estimated uncollectible taxes is established based on prior collection experience. The government records all property taxes

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

collected within sixty days of year-end as revenue, with the amount not collected within sixty days of year-end as deferred revenue in the fund financial statements. All property taxes receivable, including the amount received after the 60-day period, are accrued in the government-wide financial statements.

Allowance for Uncollectible Accounts - The City's allowance for estimated uncollectible receivables at June 30, 2004 is as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Allowance for -		
Taxes Receivable	\$ 1,584,690	
Accounts Receivable		\$ 40,213

An allowance for uncollectible accounts was not considered necessary for the Murfreesboro Electric Department and the Murfreesboro Water and Sewer Department at June 30, 2004.

Estimates - Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reclassifications - Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

**Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$94,639,632 difference are as follows:

General Government -	
Bonds Payable	\$ 8,960,338
TML Notes Payable	82,926,540
Compensated absences	2,134,921
Landfill post-closure costs	445,000
Murfreesboro City Schools -	
Compensated absences	172,833
Net Adjustment	<u>\$ 94,639,632</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances include a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide financial statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period."

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

The details of this \$22,634,507 difference are as follows:

Capital outlay	\$	28,307,553
Depreciation		(5,673,046)
	\$	<u>22,634,507</u>

Another element of that reconciliation states that "The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to increase net assets." The details of this \$9,563,428 difference are as follows:

In the statement of activities, only the gain on a sale of capital assets is reported. However, in the governmental funds, the proceeds from sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

\$ (1,029,303)

Donations of capital assets increase net assets in the statement of activities but do not appear in the governmental funds because they are not financial resources.

10,592,731

Net adjustment \$ 9,563,428

Another element of that reconciliation states that "Bond and loan proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$(3,475,135) difference are as follows:

Debt issued or incurred	\$	(23,705,100)
Principal repayments		20,229,965
Net adjustment	\$	<u>(3,475,135)</u>

**Note C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting** - General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the City's operations.

Budgets have been adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, Capital Projects Funds and Special Revenue Funds with the exception of those funds of the Murfreesboro Board of Education. The budgets of the General Purpose School Fund, the School Federal Projects Funds, and the Extended School Program Fund are prepared on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of the commitment to purchase. Budgetary comparisons presented in this report for these funds are on this budgetary basis.

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note C -- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued) -**

expenditures of any fund must be approved by the City Council. All unencumbered and unexpended appropriations lapse at the end of the fiscal year. The budget amounts presented in the accompanying required supplemental information reflect the original and final amounts as revised and approved by the City Council.

Excess of Expenditures over Appropriations – For the year ended June 30, 2004, expenditures exceeded appropriations in four federal project funds as follows:

	Final Budget	Actual on Budgetary Basis	Variance
Extended School Program	\$ 1,568,183	\$ 1,747,209	\$ (179,026)
21st Century Program	175,000	209,536	(34,536)
Title II Program	268,890	301,776	(32,886)
Title II Part D Program	16,960	20,460	(3,500)
Project Eagle	166,380	238,130	(71,750)

Encumbrances - Encumbrances represent commitments related to unperformed (executory) contracts for goods and services.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used by the General Purpose School Fund, the School Federal Projects Funds, and the Extended School Program Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

However, encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to the budgets on the budget basis for the General Purpose School Fund, the School Federal Projects Funds, and the Extended School Program Fund.

Budgetary – GAAP Reporting Reconciliation - The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Purpose School Fund presents comparisons of the legally adopted budget (described above) with actual data on a budgetary basis. The accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund and Debt Service Fund are presented in accordance with generally accepted accounting principles (GAAP). Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in accordance with GAAP, a reconciliation of resultant basis and timing differences in the excess of revenues and other sources over expenditures and other uses for the year ended June 30, 2004 is presented below:

	General Purpose School Fund
Excess of revenues and other sources over expenditures and other uses (budgetary basis)	\$ 1,504,942
Adjustments:	
To adjust for net increase in encumbrances	( 18,904)
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	\$ <u>1,486,038</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note D - RELATED ORGANIZATIONS**

The City Council is also responsible for appointing or approving appointments to the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints or approves appointments to the boards of the Murfreesboro Housing Authority, the Rutherford County Library System, and the City/County Cultural Arts Commission.

**Note E - CASH AND INVESTMENTS**

State statutes authorize the City to invest operating funds in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. Investments held by employee pension plans are limited to those types allowed by plan documents.

Cash - At June 30, 2004, total demand deposits and certificates of deposit for the City were insured and/or collateralized in one of the following ways. Certain deposits were held in financial institutions, which are members of the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of collateral is inadequate to cover a loss. Other deposits were adequately insured either by collateral securities held by the City's agent in the City's name or Federal Depository Insurance. The City's deposits in financial institutions were entirely insured or collateralized at June 30, 2004.

Investments - The City's investments are categorized below to give an indication of the credit risk at June 30, 2004. Category 1 includes investments either insured, registered in the City's name, or held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in the City's name.

	<u>Category</u>			<u>Carrying</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	
<u>Employees Pension Trust Fund -</u>					
U.S. Government Securities			\$ 3,282,782	\$ 3,282,782	\$ 3,282,782
Corporate Bonds and Notes			16,432,311	16,432,311	16,432,311
Corporate Stocks			24,050,783	24,050,783	24,050,783
			<u>\$ 43,765,876</u>	<u>\$ 43,765,876</u>	<u>\$ 43,765,876</u>
Mutual Funds				6,182,638	6,182,638
				<u>\$ 49,948,514</u>	<u>\$ 49,948,514</u>
<u>Electric Department Employee Pension -</u>					
U.S. Government Securities			\$ 1,291,022	\$ 1,291,022	\$ 1,291,022
Corporate Bonds and Notes			2,347,076	2,347,076	2,347,076
Corporate Stocks			4,512,789	4,512,789	4,512,789
			<u>\$ 8,150,887</u>	<u>\$ 8,150,887</u>	<u>\$ 8,150,887</u>
<u>Evergreen Cemetery Commission</u>					
U.S. Government Securities			\$ 620,195	\$ 620,195	\$ 620,195
Corporate Bonds and Notes			649,158	649,158	649,158
			<u>\$ 1,269,353</u>	<u>\$ 1,269,353</u>	<u>\$ 1,269,353</u>
Mutual Funds				15,476	15,476
				<u>\$ 1,284,829</u>	<u>\$ 1,284,829</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note F - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004, was as follows:

	As Previously Reported	Prior Period Adjustment	July 1, 2003 As Restated
<u>Governmental activities -</u>			
Capital assets, not being depreciated -			
Land	\$ 44,697,479	\$ 400,000	\$ 45,097,479
Construction in progress	35,842,806	1,855,000	37,697,806
Subtotal	<u>\$ 80,540,285</u>	<u>\$ 2,255,000</u>	<u>\$ 82,795,285</u>
 Capital assets, being depreciated -			
Buildings	\$ 70,290,426	\$ (11,304)	\$ 70,279,122
Improvements other than buildings	26,255,578		26,255,578
Equipment	19,520,992	6,058	19,527,050
Infrastructure	23,962,706		23,962,706
Subtotal	<u>\$ 140,029,702</u>	<u>\$ (5,246)</u>	<u>\$ 140,024,456</u>
Less accumulated depreciation			
Buildings	\$ (15,035,076)		\$ (15,035,076)
Improvements other than buildings	(8,881,967)		(8,881,967)
Equipment	(9,042,541)	\$ 2,098	(9,040,443)
Infrastructure	(3,299,450)		(3,299,450)
Subtotal	<u>\$ (36,259,034)</u>	<u>\$ 2,098</u>	<u>\$ (36,256,936)</u>
Capital assets, being depreciated, net	<u>\$ 103,770,668</u>	<u>\$ (3,148)</u>	<u>\$ 103,767,520</u>
Capital assets, net	<u>\$ 184,310,953</u>	<u>\$ 2,251,852</u>	<u>\$ 186,562,805</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note F - CAPITAL ASSETS (continued) –**

	Balance July 1, 2003 As Restated	Increases	Decreases	Balance June 30, 2004
<b>Governmental activities -</b>				
Capital assets, not being depreciated -				
Land	\$ 45,097,479	\$ 7,085,107	\$ 461,684	\$ 51,720,902
Construction in progress	37,697,806	27,868,951	34,019,457	31,547,300
Subtotal	\$ 82,795,285	\$ 34,954,058	\$ 34,481,141	\$ 83,268,202
Capital assets, being depreciated -				
Buildings	\$ 70,279,122	\$ 10,677,868	\$ 86,920	\$ 80,870,070
Improvements other than buildings	26,255,578	4,557,988	1,637,349	29,176,217
Equipment	19,527,050	3,535,020	1,140,876	21,921,194
Infrastructure	23,962,706	19,194,808		43,157,514
Subtotal	\$ 140,024,456	\$ 37,965,684	\$ 2,865,145	\$ 175,124,995
Less accumulated depreciation				
Buildings	\$ (15,035,076)	\$ (1,692,940)	\$ 30,947	\$ (16,697,069)
Improvements other than buildings	(8,881,967)	(1,397,231)	1,482,678	(8,796,520)
Equipment	(9,040,443)	(1,844,690)	783,899	(10,101,234)
Infrastructure	(3,299,450)	(738,184)		(4,037,634)
Subtotal	\$ (36,256,936)	\$ (5,673,045)	\$ 2,297,524	\$ (39,632,457)
Capital assets, being depreciated, net	\$ 103,767,520	\$ 32,292,639	\$ 567,621	\$ 135,492,538
Capital assets, net	\$ 186,562,805	\$ 67,246,697	\$ 35,048,762	\$ 218,760,740

**Governmental activities -**

Administrative and general	\$ 292,525
Police	582,656
Fire protection	299,552
Judicial	2,659
Personnel	4,824
Streets	839,628
Planning and engineering	7,915
Building inspections	2,827
Sanitation	271,153
Urban environmental	18,383
Public health, safety and other	102,343
Other government functions	384,120
Recreation	1,574,899
Education	1,289,562
Total governmental activities depreciation expense	\$ 5,673,046

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note F - CAPITAL ASSETS (continued) --**

	<u>Balance</u> <u>July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2004</u>
<b>Business-type activities -</b>				
Capital assets, not being depreciated				
Land	\$ 11,420,294	\$ 6,093,452	\$ 35,918	\$ 17,477,828
Water storage rights	3,051,429			3,051,429
Construction in progress	25,928,226	30,815,065	21,835,893	34,907,398
Subtotal	\$ 40,399,949	\$ 36,908,517	\$ 21,871,811	\$ 55,436,655
 Capital assets, being depreciated -				
Structures and improvements	\$ 54,565,446	\$ 138,358	\$ 301,184	\$ 54,402,620
Transmission and distribution mains	137,233,475	17,567,137	93,797	154,706,815
Electric plant	68,202,109	4,168,745	574,344	71,796,510
Unamortized plant acquisition	877,124	209,491		1,086,615
Equipment	30,406,043	814,724	487,452	30,733,315
Subtotal	\$ 291,284,197	\$ 22,898,455	\$ 1,456,777	\$ 312,725,875
Less accumulated depreciation	(63,820,655)	(8,797,108)	1,513,190	(71,104,573)
Capital assets, being depreciated, net	\$ 227,463,542	\$ 14,101,347	\$ (56,413)	\$ 241,621,302
Capital assets, net	\$ 267,863,491	\$ 51,009,864	\$ 21,815,398	\$ 297,057,957

Depreciation was charged to functions as follows:

Business-type activities:

Water and sewer	\$ 6,058,392
Electric	2,717,880
Cemetery	20,836
Total business-type activities depreciation expense	\$ 8,797,108

**Note G - LONG-TERM LIABILITIES**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.80-4.90%	\$ 2,630,000
Governmental activities --refunding	2.00-2.75%	6,300,000
Business-type activities	6.85%	280,000
Business-type activities	2.00-2.50%	815,000
		<u>\$ 10,025,000</u>



**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note G - LONG-TERM LIABILITIES (continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 3,030,000	\$ 216,683	\$ 290,000	\$ 30,556
2006	2,055,000	128,606	305,000	17,816
2007	1,260,000	82,063	165,000	9,600
2008	1,280,000	51,887	170,000	6,038
2009	1,305,000	17,944	165,000	2,062
	<u>\$ 8,930,000</u>	<u>\$ 497,183</u>	<u>\$ 1,095,000</u>	<u>\$ 66,072</u>

In July 2003, the Water and Sewer System Revenue and Tax Bonds, Series 1993, dated July 1, 1993 and the General Improvement Bonds, Series 1993, dated July 1, 1993, were redeemed and replaced with a new issuance of bonds dated June 1, 2003 in the amount of \$7,115,000. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$62,600. This amount is being amortized over the new debt's life, which is the same as the life of the refunded debt. The transaction also resulted in an economic gain of \$513,934 and a reduction of \$553,876 in future debt service payments.

**Revenue Bonds**

Electric System Revenue Bonds are collateralized by an irrevocable first lien and pledge of the income and revenues derived and to be derived from the operation of the Electric Department after deduction there from of the amount necessary to pay all operating, maintenance, replacement, and betterment charges of the Department as required by applicable bond ordinances. The Department is also required to maintain rates sufficient (1) to pay all maintenance, depreciation, replacement, betterment, and interest charges, (2) to establish and maintain the interest and sinking fund and the reserve fund and (3) to pay in addition all outstanding indebtedness against the Department other than bonds. Revenue bonds outstanding at the end of the year are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Electric Department - Series 1995	5.25-5.50%	\$ 1,735,000
Electric Department - Series 1999	4.50-5.00%	<u>4,180,000</u>
		<u>\$ 5,915,000</u>

Maturities of the revenue bonds are as follows:

Year Ending June 30,	Principal	Interest
2005	\$ 850,000	\$ 289,761
2006	885,000	249,636
2007	925,000	208,443
2008	580,000	164,367
2009	615,000	135,033
2010-2014	<u>2,060,000</u>	<u>284,196</u>
	<u>\$ 5,915,000</u>	<u>\$ 1,331,436</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note G - LONG-TERM LIABILITIES (continued)**

**Tennessee Municipal Bond Fund Loans**

The City participated in the Tennessee Municipal Bond Fund Loan program and entered into loan agreements from the Public Building Authority of the City of Clarksville, Tennessee. Tennessee Municipal Loans outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Variable	\$ 82,926,540
Business-type activities	Variable	<u>19,310,256</u>
		\$ <u>102,236,796</u>

Interest rates are set by the remarketing agent and are based on the market price of the bonds underlying the loans.

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 8,930,106	\$ 1,125,807	\$ 2,389,037	\$ 364,845
2006	9,329,906	1,003,233	2,482,224	321,564
2007	8,409,857	876,621	2,577,325	276,450
2008	8,239,322	761,255	2,426,775	229,760
2009	8,623,390	647,212	2,519,982	184,200
2010-2014	37,113,279	1,524,862	6,914,913	273,204
2015-2016	<u>2,280,680</u>	<u>28,533</u>		
	\$ <u>82,926,540</u>	\$ <u>5,967,523</u>	\$ <u>19,310,256</u>	\$ <u>1,650,023</u>

**Loans Payable - Utility Plant Acquisition** – During the fiscal year ended June 30, 2003, the Murfreesboro Electric Department purchased certain customers and utility plant from the Middle Tennessee Electric Membership Corporation (MTEMC). The purchase price was \$1,102,045 representing \$143,798 in net plant allocated to specific plant accounts and \$958,247 in lost revenue allocated to plant acquisition adjustments. The down payment was \$332,784 resulting in a balance due of \$769,261 payable annually in equal installments of \$76,927 over a ten year period starting June 30, 2003. The Department purchased additional customers from MTEMC during 2004. The purchase price was \$342,039 representing \$34,231 in net plant and \$307,808 in lost revenue. After the down payment the balance due of \$274,972 is payable annually over ten years.

**State Revolving Loan** – The Water and Sewer Department has three state revolving loans to fund the Wastewater Facilities Project. The total approved amounts of the loans were \$58,000,000, \$900,000 and \$3,700,000 at June 30, 2004. The Department is required only to make monthly interest payments at a rate between 4.24% and 4.28% per annum. Upon completion of the project or upon drawing 90% of the \$58,000,000, 90% of the \$900,000 and 90% of the \$3,700,000, respectively, whichever comes first, the Department is required to begin making principal and interest payments. Annual debt service requirements to maturity are as follows:

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note G - LONG-TERM LIABILITIES (continued)**

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 4,694,499	\$ 2,086,956
2006	2,147,400	1,997,964
2007	2,240,244	1,905,120
2008	2,337,096	1,808,268
2009	2,438,136	1,707,228
2010-2014	13,865,976	6,860,844
2015-2019	17,134,008	3,592,812
2020-2021	<u>7,926,917</u>	<u>363,811</u>
	<u>\$ 52,784,276</u>	<u>\$ 20,323,003</u>

Long-term liability activity for the year ended June 20, 2004, was as follows:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities -</i>					
General obligation bonds	\$ 12,670,000	\$ 6,300,000	\$ 10,040,000	\$ 8,930,000	\$ 3,030,000
Less: deferred amounts -					
On refunding		(62,600)	(12,520)	(50,080)	
For issuance premiums		100,522	20,104	80,418	
Tennessee Municipal Bond Fund Loans	<u>79,033,819</u>	<u>17,382,500</u>	<u>10,473,841</u>	<u>85,942,478</u>	<u>9,294,706</u>
	<u>\$ 91,703,819</u>	<u>\$ 23,720,422</u>	<u>\$ 20,521,425</u>	<u>\$ 94,902,816</u>	<u>\$ 12,324,706</u>
Estimated landfill closure costs	1,247,000		802,000	445,000	55,000
Compensated absences	2,091,610	1,409,774	1,193,630	2,307,754	505,058
Claims and judgments	2,175,000	2,404,310	1,799,210	2,780,100	1,195,443
Tennessee Municipal Bond Fund Loans reported by Water and Sewer Fund (1)	<u>(3,362,414)</u>		<u>(346,476)</u>	<u>(3,015,938)</u>	<u>(364,600)</u>
Governmental activity - Long-term liabilities	<u>\$ 93,855,015</u>	<u>\$ 27,534,506</u>	<u>\$ 23,969,789</u>	<u>\$ 97,419,732</u>	<u>\$ 13,715,607</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note G - LONG-TERM LIABILITIES (continued)**

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Due Within</u> <u>One Year</u>
<i>Business-type Activities -</i>					
General obligation bonds	\$ 1,340,000	\$ 815,000	\$ 1,060,000	\$ 1,095,000	\$ 290,000
Revenue Bonds	6,725,000		810,000	5,915,000	850,000
Matured bonds payable	36,002		2	36,000	
Less: deferred amounts -					
For issuance discounts	(51,982)		(5,625)	(46,357)	
For issuance premium		6,066		6,066	6,066
On refunding	(70,592)		(6,467)	(64,125)	
Total bonds payable	\$ 7,978,428	\$ 821,066	\$ 1,857,910	\$ 6,941,584	\$ 1,146,066
State revolving loan	52,891,293	1,884,593	1,991,610	52,784,276	4,694,499
Compensated absences	999,049	601,852	265,508	1,335,393	559,047
Tennessee Municipal Bond Fund Loan	6,266,896	10,873,847	846,425	16,294,318	2,024,437
Loans payable - Utility plant acquisition	692,335	274,972	104,423	862,884	76,927
	\$ 68,828,001	\$ 14,456,330	\$ 5,065,876	\$ 78,218,455	\$ 8,500,976
Tennessee Municipal Bond Fund Loan (1)	3,362,414		346,476	3,015,938	364,600
Business-type activity -					
Long-term liabilities	\$ 72,190,415	\$ 14,456,330	\$ 5,412,352	\$ 81,234,393	\$ 8,865,576

**Note H - CONSERVATION PROGRAMS**

The Murfreesboro Electric Department is a fiscal intermediary for the Tennessee Valley Authority's conservation programs. At June 30, 2004, outstanding funds advanced by TVA totaled \$538,464 to be used by the customers of the Department in connection with TVA's insulation, water heater, and heat pump conservation programs. At June 30, 2004, the outstanding receivables for loans made from these funds amounted to \$518,437.

**Note I - EMPLOYEE PENSION PLANS**

The City maintains two single employer defined benefit pension plans (the City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension) and participates in the Tennessee Consolidated Retirement System, an agent, multiple-employer public employee retirement system (PERS). The City of Murfreesboro Employees' Pension Plan and the Murfreesboro Electric Department Employee Pension are included in the accompanying financial statements as pension trust funds.

The following is a summary of each of these plans:

**City of Murfreesboro Administered Pension Plans**  
**Plan Descriptions and Provisions -**

**City of Murfreesboro Employees' Pension Plan** - The defined benefit pension plan covers all City employees except those employees of the school system, the Evergreen Cemetery Commission and electric department. All other departments of the City, including the water and sewer department, are covered by the plan. The funds of the retirement plan are invested in trust funds managed by the SunTrust Bank, Nashville, N.A., and Cavalry Banking, which serve as Trustees for the plan.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

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**Note I - EMPLOYEE PENSION PLANS (continued)**

In accordance with the City Code, subject to approval by the City Council, pension plan provisions may be established or amended by the pension committee. Contribution rates are recommended by the pension committee based on the annual actuarial valuation report, and must also be approved by City Council.

Employees become eligible to participate upon completion of ninety days of employment. The plan provides for a basic monthly pension beginning at normal retirement age, a disability benefit, and a death benefit prior to retirement, all of which are based upon the monthly compensation of the participant. The plan was amended on July 1, 1988 to make the plan noncontributory whereby the employer contributes the entire amount necessary to fund the system. The funding policy is to contribute 9.84% of covered salary. The plan has historically made contributions equal to the annual required contribution amount, as developed under GASB 25/27. For the fiscal year ending June 30, 2002, the actual contribution was slightly less than the required contribution. Historically, the funding policy of 9.84% has been greater than the required amounts, resulting in a negative net pension obligation (NPO). Prior to July 1, 1988, employees were required to contribute toward the cost of pension compensation. Consequently, some participants who terminate employment will receive lump-sum distributions. Members with less than five years of service receive a refund of their contributions, and members with five years or more of service receive a refund of contributions and accumulated interest at the rate of 7.5% per annum.

The plan was also amended on July 1, 1988 concerning age of retirement. In past years, the plan provided for a basic monthly pension beginning at normal retirement age. The plan as amended provides for a basic monthly pension beginning at age 55, instead of 65, provided the participant has at least 30 years of service. Actuarial assumptions have been revised periodically to reflect actual plan experience and expectations regarding future events. The most recent assumption revision was effective July 1, 2002 and changed the asset valuation method from the mean of book and market approach to the five-year smoothing method. The City has the right to further amend or terminate the plan.

The City uses the accrual basis of accounting for the plan. Investment income is recognized when it is earned and expenses are recognized when they are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the plan.

The plan does not issue a separate financial report, but is included in the accompanying financial statements as a pension trust fund.

There was one investment in a mutual fund representing more than 5% of the net assets available for benefits. The STI Classic Fund – Growth and Income Fund had a balance of \$2,750,227 representing 5.50% of the net assets available for benefits.

The costs of administering the plan is financed by the City of Murfreesboro's general fund.

There are no related party transactions involving the pension trust.

**Murfreesboro Electric Department Employee Pension** - The Murfreesboro Electric Department provides a defined benefit pension plan with contributions made to a separate fund named the Murfreesboro Electric Department Pension Trust. Pension plan provisions may be established or amended by the Board of the Murfreesboro Electric Department under the authority of the pension trust document. The Board approves contribution rates based on recommendations included in the annual actuarial valuation report. The plan covers all full-time employees upon the completion of one year of service and attainment of age 25. Upon retirement, the participant's monthly benefit is determined based upon 2% of the highest five years of average monthly compensation multiplied by years of employment up to thirty years. Normal retirement age is 60, but a participant may retire at age 55 upon the completion of 10 years of service. Participants are fully vested after five years of credited service. Lump sum payments of deferred vested benefits valued at less than \$10,000 can be made to terminated participants at the discretion of the Retirement Committee.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note I - EMPLOYEE PENSION PLANS (continued)**

The Plan has received and maintains a favorable determination letter from the Internal Revenue Service concerning its tax-exempt status. The cost of the plan is borne solely by the employer. Participant contributions are not allowed.

The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing or calling the plan at:

Murfreesboro Electric Department Pension Plan  
P.O. Box 9  
Murfreesboro, Tennessee 37133  
615-893-5514

There were no investments representing more than 5% of the net assets available for benefits. There are no related party transactions involving the pension trust.

Current membership in each of these plans was comprised of the following as of the actuarial valuation date:

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Retired Participants and Terminated Participants with Deferred Vested Benefits	27	193
Active Participants	<u>62</u>	<u>723</u>
	<u>89</u>	<u>916</u>

**Funding Policy and Annual Pension Cost** – The annual pension cost for the current year and related information for each plan is as follows:

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Annual pension cost	\$ 478,354	\$ 2,431,967
Contributions made	\$ 485,027	\$ 2,605,564
Actuarial valuation date	August 1, 2004	July 1, 2003
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level dollar	Level dollar
Amortization period-open	30 years	40 years
Remaining amortization period	27 years	38 years
Asset valuation method	Market	Five-year Smoothing

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note I - EMPLOYEE PENSION PLANS (continued)**

	<u>Murfreesboro Electric Department Pension</u>	<u>City of Murfreesboro Employees' Pension</u>
Actuarial assumptions:		
Investment rate of return	7.0%	7.5%
Projected salary increases	4.5%	5.0%
Inflation rate	N/A	N/A

<u>Three-Year Trend Information</u>				
	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Benefit)</u>
Murfreesboro Electric	07/31/02	\$ 316,692	100.00%	\$ -0-
Department Pension	07/31/03	486,839	101.40%	-0-
	07/31/04	478,354	101.40%	-0-
City of Murfreesboro	07/01/01	\$ 1,835,308	125.32%	\$( 1,648,106)
Employee's Pension	07/01/02	2,459,161	99.74%	( 1,634,444)
	07/01/03	2,424,202	107.48%	( 1,808,041)

<u>Schedule of Funding Progress</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
<b>Murfreesboro Electric Department Pension:</b>						
08/01/02	\$ 7,940,195	\$ 8,435,574	\$ 495,379	94.1%	\$ 2,872,520	17.3%
08/01/03	8,549,258	9,032,554	483,296	94.6%	2,861,365	16.9%
08/01/04	9,343,485	9,814,993	471,508	95.2%	3,126,722	15.1%
<b>City of Murfreesboro Employees' Pension:</b>						
07/01/01	\$ 43,201,827	\$ 48,522,986	\$ 5,321,159	89.0%	\$ 25,165,651	21.1%
07/01/02	48,643,679	52,688,816	4,045,137	92.3%	26,004,236	15.6%
07/01/03	51,498,359	57,550,714	6,052,355	89.5%	27,372,169	22.1%

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (Continued)**

**June 30, 2004**

**Note I - EMPLOYEE PENSION PLANS (continued)**

The net benefit pension obligation has been calculated for the City of Murfreesboro Employees' Pension plan as follows:

Annual Required Contribution	\$ 2,424,202
Interest on net pension obligation	(122,583)
Adjustment to annual required contribution	<u>130,348</u>
Annual pension cost	\$ 2,431,967
Contributions made	<u>(2,605,564)</u>
Increase in net pension obligation	\$ (173,597)
Net pension obligation beginning of year	<u>(1,634,444)</u>
Net pension obligation end of year	\$ <u>(1,808,041)</u>

**Tennessee Consolidated Retirement System**

**Plan Description** -- Employees of the Murfreesboro City School System are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Murfreesboro City School System participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, Tennessee 37242-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

**Funding Policy** -- The Murfreesboro City School System is noncontributory and has assumed employee contributions up to 5.0 percent of annual covered payroll.

The Murfreesboro City School System is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2004 was 8.42% of annual covered payroll. Contribution requirements for the Murfreesboro City School System are established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost** -- For the year ending June 30, 2004, the Murfreesboro City School System's annual pension cost of \$400,609 to TCRS was equal to the Murfreesboro City School System's required and actual contributions.



**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (Continued)**

**June 30, 2004**

**Note I - EMPLOYEE PENSION PLANS (continued)**

The required contribution was determined as a part of the July 1, 2001 actuarial valuation using the frozen entry age cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Murfreesboro City School System's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period is 11 years.

<u>Fiscal Year Ending</u>	<u>Trend Information</u>		<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
	<u>Annual Pension Cost (APC)</u>			
6/30/02	\$ 347,503		100.00%	\$ -0-
6/30/03	390,887		100.00%	-0-
6/30/04	400,609		100.00%	-0-

**Schedule of Funding Progress for the Murfreesboro City School System -**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
07/01/99	\$ 7,829,000	\$7,829,000	\$ - 0 -	100.00%	\$3,537,000	0.00%
07/01/01	9,158,000	9,173,000	15,000	99.84%	4,324,000	0.35%
07/01/03	10,204,000	10,204,000	- 0 -	100.00%	4,694,000	0.00%

**Teachers' Plan**

**Plan Description** - The Murfreesboro City School System contributes to the State Employees, Teachers, and Higher Education Employees Pension plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage of change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

## **CITY OF MURFREESBORO, TENNESSEE**

### **Notes to Financial Statements (continued)**

**June 30, 2004**

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#### **Note I - EMPLOYEE PENSION PLANS (continued)**

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Separate pension information pertaining solely to the Murfreesboro City School System is not available.

Funding Policy - Most teachers are required by state statutes to contribute 5 percent of salary to the plan. The employer contribution rate for Murfreesboro City Schools is established at an actuarially determined rate. The rate for the fiscal year ending June 30, 2004 was 3.39 percent of annual covered payroll. The employer contribution requirement for Murfreesboro City Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2004, 2003, and 2002 were, \$674,707, \$640,336, and \$686,900, respectively, and were equal to the required contributions for each year.

#### **Note J - DEFERRED COMPENSATION PLANS**

The City of Murfreesboro and the Murfreesboro Electric Department offer employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City and Department employees, permit them to defer a portion of their salary until future years.

As of July 1, 1998, the City and the Murfreesboro Electric Department implemented a new standard requiring changes to the accounting and financial reporting for the deferred compensation plans created in accordance with Internal Revenue Code 457. The plans are administered by an independent plan administrator. The City's administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions.

Amendments to the laws governing Section 457 plans require that plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Therefore, the financial activity of these plans is no longer reported in the City's financial statements.

#### **Note K - OTHER POST-EMPLOYMENT BENEFITS**

In addition to pension benefits, the City of Murfreesboro and the Murfreesboro Electric Department, provides certain health care and life insurance benefits for retired employees. Substantially all of the City's and the Department's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Currently, eighty-nine City retirees and sixteen Electric Department retirees are receiving benefits. The cost of retiree health care and life insurance benefits is recognized as expense as paid. For the year ended June 30, 2004, those costs totaled approximately \$440,646 for the City and \$97,000 for the Electric Department. Provisions related to other post-employment benefits are established or amended by the City Council and the Board of the Murfreesboro Electric Department.

#### **Note L - COMMITMENTS AND CONTINGENCIES**

Guarantee of Indebtedness - Waterworks and sewer improvement bonds, and the interest thereon, are payable primarily from the revenue of the water and sewer system, subject to prior pledges in favor of certain outstanding obligations. In the event of a deficiency in such revenues, the bonds and the interest thereon will be payable from ad valorem taxes to be levied on all taxable property within the City, irrevocably pledging the full faith and credit of the City.

Landfill Closure - The City has been notified by the State of Tennessee that certain tests and closure are necessary in connection with a landfill that was operated by the City during the period of 1968 through 1974. The City has also been notified that another site used as a waste dump by the City between 1940 and 1965 has been investigated by the Tennessee Superfund and was found to contain toxic waste. The City is currently performing required cleanup operations on these sites. The City's engineer estimates that additional costs required will approximate \$445,000. Accordingly, this amount has been accrued as a liability on the government-wide statement of net assets.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note L - COMMITMENTS AND CONTINGENCIES (continued)**

**Construction** -- The City has entered into agreements for construction as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Landfill Closure	\$ 971,975	\$923,376	\$ 48,599
231 Drainage Basin	201,116	196,088	5,028
Samsonite Boulevard	3,037,109	2,777,538	259,571
Medical Center Parkway I	4,163,961	1,370,159	2,793,802
Medical Center Parkway IV	7,057,800	3,291,155	3,766,645
Manson Pike Phase II	3,232,097	1,751,738	1,480,359
Salem Area Storm Drainage	514,486	418,023	96,463
Saint Andrews Drive II	3,519,577	3,030,747	488,830
Osborne Lane	1,483,049	1,258,547	224,502
Scales Elementary School	12,383,280	1,055,329	11,327,951
Manson Pike Phase III	1,499,100	962,258	536,842
	<u>\$ 38,063,550</u>	<u>\$ 17,034,958</u>	<u>\$21,028,592</u>

**Grantor Agencies** - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City is disputing audit claims from the U.S. Department of Justice -- Office of Community Oriented Policing Services (COPS) necessary to obtain closure of a recent audit. The COPS office is asking for substantiation of approximately \$1,155,425. The City has provided the COPS office with additional information; however, a response from the COPS office has not been received. Of the \$1,155,425, the City has accrued \$57,693 as an amount due back to the federal government. Disallowed costs, if any, resulting from this audit over the \$57,693 would have to be absorbed by the City.

**Pending Lawsuits** - The City and its component units are parties to various lawsuits claiming damages for personal injury and property damage in automobile and general liability cases, as well as miscellaneous other litigation. Some amounts in these matters are substantial. In the opinion of the City attorney, the City should prevail in most of the litigation that is not fully insured or barred by the statute of limitations. In any event, the likelihood that the City would incur aggregate liability arising from such litigation in an amount that would be material in relation to its financial position is remote.

**Note M - LEASES**

The City receives rental income principally for real property from various agencies. Future minimum rental commitments under these leases are insignificant. Rental income from these sources totaled approximately \$212,214 for the year ended June 30, 2004.

**Note N -- PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2004, management became aware of donated fixed assets that were not recorded by the City. A prior period adjustment of \$2,251,852 to net capital assets has been recorded on the government-wide financial statements. Also, during the year ended June 30, 2003, the City failed to record a receivable for grant revenues for reimbursement of expenditures during the year ended June 30, 2003 of \$200,000. The City also failed to recognize deposits for street paving in the amount of \$182,100 which should have been recognized when the street paving was completed in June 30, 2003. The total effect of the prior period adjustment to fund balance at June 30, 2003 is \$2,633,952.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2004**

**Note O - INTERFUND TRANSACTIONS**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary fund financial statements generally reflect such transactions as transfers.

Interfund receivable and payable balances at June 30, 2004, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Debt Service fund		\$ 2,676
Gateway Project	\$ 5,531,390	
Nonmajor governmental funds	1,248,213	839,007
Nonmajor enterprise funds		32,412
Internal service funds	4,790	
	<u>\$ 6,784,393</u>	<u>\$ 874,095</u>
General Purpose School Fund		
Nonmajor governmental funds	\$ 136,176	\$ 218,108
Debt Service Fund		
General fund	\$ 2,676	
Gateway Project		
General fund		\$ 5,531,390
Internal service funds		2,500,000
		<u>\$ 8,031,390</u>
Nonmajor Governmental Funds		
General fund	\$ 839,007	\$ 1,248,213
General purpose school fund	218,108	136,176
Transfers between nonmajor governmental funds	102,586	102,586
Internal service funds		2,454
	<u>\$ 1,159,701</u>	<u>\$ 1,489,429</u>
Water and Sewer Fund		
Internal service funds		\$ 20,628
Nonmajor Enterprise Funds		
General fund	\$ 32,412	
Internal Service Funds		
General fund		\$ 4,790
Gateway Project	\$ 2,500,000	
Water and Sewer fund	20,628	
Nonmajor governmental funds	2,454	
Transfers between internal service funds	1,641	1,641
	<u>\$ 2,524,723</u>	<u>\$ 6,431</u>
	<u>\$ 10,640,081</u>	<u>\$ 10,640,081</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (Continued)**

**June 30, 2004**

**Note O - INTERFUND TRANSACTIONS (continued)**

Interfund transfers during the year ended June 30, 2004 were as follows:

		Transfer From			
Transfer To		General	Gateway	Nonmajor	Total
		Fund	Project	Governmental Funds	
General purpose					
school fund	\$	4,560,103		\$ 1,113,831	\$ 5,673,934
Debt service		13,251,240	\$ 626,483	1,100,000	14,977,723
Nonmajor					
governmental funds		7,372,116		14,000	7,386,116
Nonmajor					
enterprise fund				49,324	49,324
	\$	<u>25,183,459</u>	<u>\$ 626,483</u>	<u>\$ 2,277,155</u>	<u>\$ 28,087,097</u>

Transfers among funds are provided for as part of the annual budget process. Transfers are used to move revenues from the fund required to collect the revenue to the fund required or authorized to expend them. All interfund transfers for the fiscal year were routine in nature.

**Note P - RISK MANAGEMENT PROGRAM**

General, Workers' Compensation, and Auto Liability - The City established a self-insurance program for general liability and workers' compensation during the fiscal year ended June 30, 1986. The automobile liability was added to the self-insurance program during the fiscal year ended June 30, 1988. Premiums are paid into the Risk Management Fund by all City funds requiring insurance and the public library and are available to pay claims, claim reserves, and administrative costs of the program. Claims for the fiscal year ended June 30, 2004 were \$2,404,310. Claims for fire and extended coverage in excess of \$100,000 are covered through commercial insurance. Claims for law enforcement liability in excess of \$10,000 are also covered through commercial insurance. There are no other excess coverage insurance policies. Amounts reserved in the fund are designated for future claims not yet made and not accrued.

Group Health - The City provides medical insurance through a group self-insurance program plan. Blue Cross/Blue Shield of Tennessee acts as the administrator of the plan. Insurance premiums are paid into the Insurance Fund from the General Fund and the Water and Sewer Department. In addition, employees and retired employees pay for a portion of the total premiums paid into the fund. Claims are paid to Blue Cross/Blue Shield from the Insurance Fund up to a maximum of \$50,000 for each medical claim. A rider policy covers claims for certain transplant surgery (heart, heart and lung, liver and pancreas). Administrative costs and claims for the fiscal year ended June 30, 2004 were \$5,493,815.

**CITY OF MURFREESBORO, TENNESSEE**

**Notes to Financial Statements (Continued)**

**June 30, 2004**

**Note P - RISK MANAGEMENT PROGRAM (continued)**

As of February 1, 1998, the City no longer provided medical coverage for employees of the City School System. The City is responsible for any City Schools' claims dated prior to February 1, 1998.

Claims Liability - The claims liability reported in the Insurance Fund and the Risk Management Fund at June 30, 2004 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Funds' claims liability amounts during the year ended June 30, 2004 were as follows:

<u>Fiscal Year</u>	<u>Liability at Beginning</u>	<u>Current Year Claims and Change in Estimate</u>	<u>Claim Payments</u>	<u>Liability at End</u>
Risk Management Fund -				
2003	\$ 2,557,272	\$ 1,154,170	\$ 1,536,442	\$ 2,175,000
2004	2,175,000	2,404,310	1,799,210	2,780,100
Insurance Fund -				
2003	197,395	5,090,823	5,010,987	277,231
2004	277,231	5,493,815	5,419,803	351,243

The City had no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

**Note Q - DEFICIT FUND BALANCE**

The Gateway Project fund had a deficit fund balance of \$8,490,243 as of June 30, 2004. The fund incurred expenditures related to the development of the Gateway Project, specifically, streets such as Medical Center Parkway and the Manson Pike Interchange. The monies have currently been funded by the General Fund to be reimbursed by the Gateway Project Fund upon the sale of land acquired by the fund.

**Note R -- NEW ACCOUNTING AND REPORTING STANDARDS**

As noted above, pursuant to GASB Statement No. 34, for all fiscal years beginning after June 15, 2005, the City must retroactively report all infrastructure assets acquired before July 1, 2001. The City expects to accomplish retroactive reporting of infrastructure by the deadline; however, the City has not yet determined the full impact that the retroactive reporting of infrastructure will have on the financial statements.

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**  
**Pension Trust Funds**

**Schedule of Funding Progress**

**June 30, 2004**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
<b>City of Murfreesboro Employees' Pension Plan -</b>						
7/1/94	\$ 22,151,399	\$ 23,908,009	\$ 1,756,610	92.7 %	13,407,857	13.1 %
7/1/95	24,376,907	26,816,843	2,439,936	90.9	14,527,173	16.8
7/1/96	26,836,616	28,413,649	1,577,033	94.4	15,682,908	10.1
7/1/97	29,054,494	29,768,624	714,130	97.6	16,838,643	4.2
7/1/98	33,278,248	34,593,236	1,314,988	96.2	18,076,609	7.3
7/1/99	37,229,437	37,874,813	645,376	98.3	19,735,090	3.3
7/1/00	40,957,607	41,386,756	429,149	99.0	21,946,101	2.0
7/1/01	43,201,827	48,522,986	5,321,159	89.0	25,165,651	21.1
7/1/02	48,643,679	52,688,816	4,045,137	92.3	26,004,236	15.6
7/1/03	51,498,359	57,550,714	6,052,355	89.5	27,372,169	22.1
<b>Murfreesboro Electric Department Employee Pension Plan -</b>						
8/1/95	\$ 5,138,222	\$ 5,848,394	\$ 710,172	87.9 %	\$ 2,092,987	33.9 %
8/1/96	5,487,674	6,127,779	640,105	89.6	2,185,681	29.3
8/1/97	6,466,513	7,031,646	565,133	92.0	2,440,603	23.2
8/1/98	7,286,432	7,771,345	484,913	93.8	2,508,302	19.3
8/1/99	8,189,914	8,588,992	399,078	95.4	2,630,079	15.2
8/1/00	9,412,742	9,412,742	-0-	100.0	2,834,305	0.0
8/1/01	8,599,659	8,599,659	-0-	100.0	2,939,605	0.0
8/1/02	7,940,195	8,435,574	495,379	94.1	2,872,520	17.3
8/1/03	8,549,258	9,032,554	483,296	94.6	2,861,365	16.9
8/1/04	9,343,485	9,814,993	471,508	95.2	3,126,722	15.1

**CITY OF MURFREESBORO, TENNESSEE**

**Required Supplementary Information**  
**Pension Trust Funds**

**Schedule of Employer Contributions**

**June 30, 2004**

<u>Fiscal Year</u>	<u>Murfreesboro Employees' Pension</u>		<u>Electric Department Pension</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1995	\$ 1,251,089	100 %	\$ 206,281	100 %
1996	1,304,734	100	214,958	100
1997	1,376,802	100	240,689	100
1998	1,489,619	100	221,626	100
1999	1,471,683	100	207,274	100
2000	1,473,113	147	180,847	100
2001	1,835,308	125	152,664	100
2002	2,459,161	100	316,692	100
2003	2,424,202	107	486,839	101
2004	2,730,610	97	478,354	101



CITY OF MURFREESBORO, TENNESSEE

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Taxes -				
Property	\$ 23,706,285	\$ 23,726,285	\$ 24,094,195	\$ 367,910
Property in lieu of taxes -				
Public utilities	692,454	692,454	646,822	(45,632)
Murfreesboro Electric Department	1,312,275	1,312,275	1,326,600	14,325
Murfreesboro Housing Authority	82,000	82,000	81,147	(853)
Other tax equivalents			102,226	102,226
Recovery of taxes deemed uncollectible	200,000	200,000	465,377	265,377
Penalty and interest on taxes	150,000	150,000	360,437	210,437
Other local taxes -				
Sales tax	18,046,875	18,046,875	20,456,883	2,410,008
Beer tax	1,800,000	1,800,000	2,063,053	263,053
Liquor tax	400,000	400,000	486,880	86,880
Gross receipts tax	1,150,000	1,150,000	1,481,835	331,835
Beer privilege tax	20,000	20,000	18,558	(1,442)
Liquor privilege tax	35,000	35,000	37,503	2,503
Hotel/motel tax	490,000	490,000	544,874	54,874
	<u>\$ 48,084,889</u>	<u>\$ 48,104,889</u>	<u>\$ 52,166,390</u>	<u>\$ 4,061,501</u>
Licenses, Permits and Fines -				
Electrical licenses	\$ 52,000	\$ 52,000	\$ 55,805	\$ 3,805
Gas and mechanical licenses	7,500	7,500	8,820	1,320
Building permits	1,280,000	1,280,000	2,010,525	730,525
Plumbing permits	150,000	150,000	264,422	114,422
Electrical permits	14,000	14,000	18,516	4,516
Mechanical permits	94,000	94,000	175,783	81,783
Gas permits	29,000	29,000	33,340	4,340
Fireworks permits	1,000	1,000	1,600	600
Beer application fees	10,000	10,000	8,650	(1,350)
Burglar alarm permits	50,000	50,000	50,400	400
Plat review fee	35,750	35,750	84,950	49,200
Other fees	5,000	5,000	9,692	4,692
Attorney tax fees	10,000	10,000	14,849	4,849
Court fines	1,900,000	1,900,000	1,731,449	(168,551)
Burglar false alarm fees	6,000	6,000	4,500	(1,500)
Other fines and fees	110,000	110,000	126,588	16,588
	<u>\$ 3,754,250</u>	<u>\$ 3,754,250</u>	<u>\$ 4,599,889</u>	<u>\$ 845,639</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Intergovernmental Revenues -</b>				
Rutherford County	\$ 567,857	\$ 567,857	\$ 555,072	\$ (12,785)
State sales tax allocation	4,092,170	4,092,170	4,408,752	316,582
State beer tax allocation	35,314	35,314	37,260	1,946
State gasoline tax allocation	157,110	157,110	169,925	12,815
State mixed drink tax	300,000	300,000	345,986	45,986
State gross receipts tax	454,192	454,192	496,780	42,588
State income tax allocation	350,000	350,000	320,287	(29,713)
State excise tax	100,000	100,000	162,938	62,938
State maintenance of streets	219,035	219,035	207,019	(12,016)
Federal funds	30,099	30,099	155,688	125,589
	<u>\$ 6,305,777</u>	<u>\$ 6,305,777</u>	<u>\$ 6,859,707</u>	<u>\$ 553,930</u>
<b>Charges for services</b>				
Office	\$ 100	\$ 100	\$ 526	\$ 426
Planning department	20,000	20,000	27,074	7,074
Police department	40,000	40,000	55,844	15,844
Fire department	370,000	370,000	366,113	(3,887)
Street department	12,000	12,000	18,910	6,910
Building department	23,000	23,000	28,554	5,554
Maintenance department	11,500	11,500	11,083	(417)
	<u>\$ 476,600</u>	<u>\$ 476,600</u>	<u>\$ 508,104</u>	<u>\$ 31,504</u>
<b>Miscellaneous Revenue -</b>				
Interest	\$ 140,000	\$ 140,000	\$ 200,730	\$ 60,730
Gas franchise revenue	900,000	900,000	1,193,156	293,156
Contribution - active funds	932,057	932,057	876,337	(55,720)
Miscellaneous revenue	90,111	90,111	217,300	127,189
Donations received			20,543	20,543
	<u>\$ 2,062,168</u>	<u>\$ 2,062,168</u>	<u>\$ 2,508,066</u>	<u>\$ 445,898</u>
<b>TOTAL REVENUES</b>	<u>\$ 60,683,684</u>	<u>\$ 60,703,684</u>	<u>\$ 66,642,156</u>	<u>\$ 5,938,472</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures -</b>				
<b>General and Administrative -</b>				
Labor	\$ 1,116,419	\$ 1,116,419	\$ 1,108,691	\$ 7,728
Operation and maintenance	73,200	73,200	58,614	14,586
Supplies	124,400	124,400	99,157	25,243
Gasoline and oil	220,000	220,000	267,079	(47,079)
Insurance	1,391,882	1,391,882	1,365,447	26,435
Social security taxes	1,521,043	1,521,043	1,496,230	24,813
Group insurance	3,177,393	3,177,393	3,068,568	108,825
Retirement	2,096,657	2,096,657	1,991,087	105,570
Unemployment insurance	20,000	20,000	31,044	(11,044)
Utilities	723,300	723,300	608,724	114,576
Fire hydrant rental	5,000	5,000		5,000
Travel and subsistence	47,800	47,800	48,078	(278)
Association dues	30,000	30,000	42,309	(12,309)
Professional fees	122,500	122,500	125,442	(2,942)
Training personnel	20,000	20,000	12,684	7,316
Additions to fixed assets	13,200	13,200	10,138	3,062
Other miscellaneous	132,400	132,400	159,227	(26,827)
	<u>\$ 10,835,194</u>	<u>\$ 10,835,194</u>	<u>\$ 10,492,519</u>	<u>\$ 342,675</u>
<b>Police Department -</b>				
Labor	\$ 8,484,835	\$ 8,484,835	\$ 8,116,758	\$ 368,077
Operation and maintenance	480,200	480,200	594,689	(114,489)
Supplies	112,018	112,018	123,888	(11,870)
Uniforms and cleaning	130,000	130,000	129,088	912
Training personnel	75,000	75,000	80,420	(5,420)
Jail fees and state cost	160,000	160,000	182,836	(22,836)
Drug programs	3,000	3,000	3,595	(595)
Felony enforcement program			1,000	(1,000)
D.A.R.E. program	12,500	12,500	16,581	(4,081)
Additions to fixed assets	43,890	43,890	50,248	(6,358)
Federal grants			14,118	(14,118)
Other miscellaneous	60,500	60,500	93,633	(33,133)
	<u>\$ 9,561,943</u>	<u>\$ 9,561,943</u>	<u>\$ 9,406,854</u>	<u>\$ 155,089</u>
<b>Fire Department -</b>				
Labor	\$ 6,809,176	\$ 6,809,176	\$ 6,734,349	\$ 74,827
Operation and maintenance	100,800	100,800	208,473	(107,673)
Supplies	62,700	62,700	74,066	(11,366)
Uniforms and cleaning	118,000	118,000	105,741	12,259
Association dues	700	700	730	(30)
Training personnel	30,000	30,000	41,604	(11,604)
Internship programs	9,000	9,000	11,625	(2,625)
Additions to fixed assets	8,950	8,950	50,819	(41,869)
Federal grants			26,925	(26,925)
Other miscellaneous	6,000	6,000	6,617	(617)
	<u>\$ 7,145,326</u>	<u>\$ 7,145,326</u>	<u>\$ 7,260,949</u>	<u>\$ (115,623)</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Judicial Department -</b>				
Labor	\$ 239,091	\$ 239,091	\$ 239,959	\$ (868)
Operation and maintenance	4,500	4,500	3,252	1,248
Supplies	14,525	14,525	11,964	2,561
Association dues	260	260	270	(10)
Training personnel	2,500	2,500	693	1,807
Additions to fixed assets	500	500	4,105	(3,605)
Other miscellaneous	7,500	7,500	5,040	2,460
	<u>\$ 268,876</u>	<u>\$ 268,876</u>	<u>\$ 265,283</u>	<u>\$ 3,593</u>
<b>Legal Department -</b>				
Labor	\$ 362,657	\$ 362,657	\$ 323,463	\$ 39,194
Operation and maintenance	2,500	2,500	2,416	84
Supplies	39,000	39,000	24,320	14,680
Travel and subsistence	14,400	14,400	12,467	1,933
Association dues	3,500	3,500	4,935	(1,435)
Training personnel	7,500	7,500	7,366	134
Legal expense	10,000	10,000	9,412	588
Additions to fixed assets	2,500	2,500	1,475	1,025
Other miscellaneous	11,000	11,000	6,437	4,563
	<u>\$ 453,057</u>	<u>\$ 453,057</u>	<u>\$ 392,291</u>	<u>\$ 60,766</u>
<b>Personnel Department -</b>				
Labor	\$ 283,213	\$ 283,213	\$ 285,350	\$ (2,137)
Operation and maintenance	8,600	8,600	8,744	(144)
Supplies	19,221	19,221	19,935	(714)
Travel and subsistence	2,400	2,400	2,400	
Studies and surveys			22,400	(22,400)
Drug programs	24,358	24,358	25,244	(886)
Additions to fixed assets	1,000	1,000	3,610	(2,610)
Other miscellaneous	10,990	10,990	9,978	1,012
	<u>\$ 349,782</u>	<u>\$ 349,782</u>	<u>\$ 377,661</u>	<u>\$ (27,879)</u>
<b>Streets -</b>				
Labor	\$ 965,584	\$ 965,584	\$ 936,815	\$ 28,769
Operation and maintenance	97,500	97,500	210,543	(113,043)
Curb, storm sewer, and right-of-way maintenance	165,000	165,000	138,760	26,240
Materials and supplies	80,000	80,000	99,116	(19,116)
Traffic control devices	25,000	25,000	51,345	(26,345)
Utility service - street lighting	930,000	930,000	873,596	56,404
Street improvements and maintenance	77,000	77,000	118,513	(41,513)
Travel and subsistence	20,600	20,600	21,248	(648)
Training personnel	4,500	4,500	4,135	365
Additions to fixed assets	19,700	19,700	122,574	(102,874)
Other miscellaneous	9,000	9,000	7,148	1,852
	<u>\$ 2,393,884</u>	<u>\$ 2,393,884</u>	<u>\$ 2,583,793</u>	<u>\$ (189,909)</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Planning and Engineering -				
Labor	\$ 1,132,671	\$ 1,132,671	\$ 1,125,216	\$ 7,455
Operation and maintenance	211,300	211,300	207,026	4,274
Supplies	61,200	61,200	53,346	7,854
Sampling and testing	8,000	8,000	3,440	4,560
Storm drainage	25,000	25,000	800	24,200
Travel and subsistence	72,600	72,600	72,127	473
Association dues	7,500	7,500	4,059	3,441
Surveys	115,000	115,000	79,064	35,936
Training personnel	12,000	12,000	8,530	3,470
Additions to fixed assets	20,500	20,500	22,625	(2,125)
Other miscellaneous	14,500	14,500	13,039	1,461
	<u>\$ 1,680,271</u>	<u>\$ 1,680,271</u>	<u>\$ 1,589,272</u>	<u>\$ 90,999</u>
Building Inspections -				
Labor	\$ 731,704	\$ 731,704	\$ 740,758	\$ (9,054)
Operation and maintenance	2,000	2,000	2,611	(611)
Supplies	18,500	18,500	19,319	(819)
Travel and subsistence	52,800	52,800	53,782	(982)
Association dues	1,300	1,300	960	340
Training personnel	7,000	7,000	5,132	1,868
Additions to fixed assets	16,800	16,800	30,250	(13,450)
Other miscellaneous	1,600	1,600	3,558	(1,958)
	<u>\$ 831,704</u>	<u>\$ 831,704</u>	<u>\$ 856,370</u>	<u>\$ (24,666)</u>
Urban Environmental Department -				
Labor	\$ 336,782	\$ 336,782	\$ 306,288	\$ 30,494
Operation and maintenance	16,500	16,500	36,463	(19,963)
Agricultural materials	20,000	20,000	21,944	(1,944)
Supplies	8,850	8,850	10,113	(1,263)
Travel and subsistence	4,800	4,800	4,800	
Training personnel	2,750	2,750	624	2,126
Additions to fixed assets	4,300	4,300	17,499	(13,199)
Other miscellaneous	1,000	1,000	331	669
	<u>\$ 394,982</u>	<u>\$ 394,982</u>	<u>\$ 398,062</u>	<u>\$ (3,080)</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)**

**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Health, Safety and Other -</b>				
Cash budget payments -				
Rutherford County Health Department	\$ 11,000	\$ 11,000	\$ 11,000	
Job Vocation Training Center	31,585	31,585	31,585	
Rutherford County Rescue Squad	15,000	15,000	11,250	\$ 3,750
Crime Stoppers	5,000	5,000	5,000	
Linebaugh Public Library	489,757	489,757	489,757	
Rutherford County Chamber of Commerce	394,250	394,250	409,817	(15,567)
Murfreesboro Youth Orchestra	2,500	2,500	2,500	
Uncle Dave Macon Days	3,000	3,000	3,000	
CASA of Rutherford County	2,500	2,500	2,500	
Oaklands Association	15,000	15,000	15,000	
Exchange Club Center	4,000	4,000	4,000	
Discovery House	20,000	20,000	20,000	
Main Street Program	30,000	30,000	30,000	
Primary Care Clinic	4,000	4,000	4,000	
Middle Tennessee Symphony	2,500	2,500	2,500	
Domestic Violence Program	7,500	7,500	7,500	
Pregnancy Support	2,500	2,500	2,500	
Meals on Wheels	3,500	3,500	3,500	
Rabies Control	40,000	40,000	40,000	
Center for the Arts	25,000	25,000	25,000	
Leadership Rutherford	1,500	1,500	1,500	
MCHR Transportation Program	1,000	1,000	1,000	
First Call for Help	2,500	2,500	2,500	
Boys and Girls Club	2,500	2,500	2,500	
Child Advocacy Center	5,000	5,000	5,000	
League of Women Voters	2,500	2,500	2,500	
Martin Luther King Scholarship	2,000	2,000	2,000	
Bradley Academy	2,500	2,500	2,500	
16th District Attorney General	10,000	10,000		10,000
Motlow College Foundation			40,000	(40,000)
	<u>\$ 1,138,092</u>	<u>\$ 1,138,092</u>	<u>\$ 1,179,909</u>	<u>\$ (41,817)</u>
<b>Other Expenditures -</b>				
Maintenance and utilities -				
Civic plaza	\$ 51,312	\$ 51,312	\$ 42,634	\$ 8,678
Parking garage	87,500	87,500	84,532	2,968
Miscellaneous contingencies	183,776	203,776	504,151	(300,375)
Mixed drink tax allocation	150,000	150,000	172,788	(22,788)
Property tax losses and adjustments	587,975	587,975	522,564	65,411
	<u>\$ 1,060,563</u>	<u>\$ 1,080,563</u>	<u>\$ 1,326,669</u>	<u>\$ (246,106)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 36,113,674</u>	<u>\$ 36,133,674</u>	<u>\$ 36,129,632</u>	<u>\$ 4,042</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 24,570,010</u>	<u>\$ 24,570,010</u>	<u>\$ 30,512,524</u>	<u>\$ 5,942,514</u>

(continued)

CITY OF MURFREESBORO, TENNESSEE

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance (continued)

Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Uses -				
Operating transfers out -				
Transfer to debt service fund	\$ (13,829,190)	\$ (13,829,190)	\$ (13,251,240)	\$ 577,950
Transfer to Murfreesboro City School System	(4,560,103)	(4,560,103)	(4,560,103)	
Transfer to solid waste fund	(2,916,851)	(2,916,851)	(2,762,810)	154,041
Transfer to city recreation fund	(4,832,435)	(4,832,435)	(4,186,418)	646,017
Transfer to fleet services fund	(352,260)	(352,260)		352,260
Transfer to senior citizens fund	(277,370)	(277,370)	(308,915)	(31,545)
Transfer to drug fund	(95,000)	(95,000)	(108,843)	(13,843)
Transfer to airport improvement fund	(6,800)	(6,800)	(5,130)	1,670
	<u>\$ (26,870,009)</u>	<u>\$ (26,870,009)</u>	<u>\$ (25,183,459)</u>	<u>\$ 1,686,550</u>
Net change in fund balance	<u>\$ (2,299,999)</u>	<u>\$ (2,299,999)</u>	<u>\$ 5,329,065</u>	<u>\$ 7,629,064</u>
Fund Balances at beginning of year			<u>22,191,543</u>	
Fund Balances at end of year			<u>\$ 27,520,608</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**General Purpose School Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues -</b>				
Local intergovernmental revenues	\$ 13,643,175	\$ 13,643,175	\$ 14,153,446	\$ 510,271
State program revenues	17,114,203	17,114,203	17,223,720	109,517
Federal program revenues	1,388,157	1,388,157	1,372,869	(15,288)
Charges for services	75,105	75,105	61,791	(13,314)
Indigent children revenues			26,600	26,600
Other local revenues	174,590	174,590	265,694	91,104
	<u>\$ 32,395,230</u>	<u>\$ 32,395,230</u>	<u>\$ 33,104,120</u>	<u>\$ 708,890</u>
<b>Expenditures -</b>				
Regular instruction program	\$ 22,193,485	\$ 22,193,485	\$ 21,313,424	\$ 880,061
Special education program	2,101,857	2,101,857	1,940,207	161,650
Other student support	759,994	759,994	751,553	8,441
Board of education	667,893	667,893	637,202	30,691
Office of the superintendent	236,294	236,294	233,271	3,023
Office of the principal	2,071,789	2,071,789	1,979,247	92,542
Fiscal services	419,214	419,214	394,878	24,336
Operation of plant	2,908,366	2,908,366	3,039,926	(131,560)
Regular instruction program - support	1,379,305	1,379,305	1,311,266	68,039
Special education program - support	260,289	260,289	246,770	13,519
Maintenance of plant	740,620	740,620	803,441	(62,821)
Transportation	875,487	875,487	837,561	37,926
Central and other	282,791	282,791	270,171	12,620
Food service	1,095,905	1,095,905	1,284,982	(189,077)
Community services	822,798	822,798	936,278	(113,480)
Attendance	88,419	88,419	81,884	6,535
Health services	80,827	80,827	110,105	(29,278)
Indigent children			29,465	(29,465)
Capital outlay	2,223,000	2,223,000	1,071,481	1,151,519
	<u>\$ 39,208,333</u>	<u>\$ 39,208,333</u>	<u>\$ 37,273,112</u>	<u>\$ 1,935,221</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (6,813,103)</u>	<u>\$ (6,813,103)</u>	<u>\$ (4,168,992)</u>	<u>\$ 2,644,111</u>
<b>Other Financing Sources -</b>				
Transfers in	<u>6,813,103</u>	<u>6,813,103</u>	<u>5,673,934</u>	<u>(1,139,169)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses (Budgetary basis)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,504,942</u>	<u>\$ 1,504,942</u>
Adjustment for encumbrances			<u>(18,904)</u>	
Net change in fund balance (GAAP basis)			\$ 1,486,038	
Fund Balance at beginning of year			<u>4,306,120</u>	
Fund Balance at end of year			<u>\$ 5,792,158</u>	



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and special purpose funds established by the City Council.

### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition or construction of capital projects, other than those financed by Enterprise Funds or Internal Service Funds. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, lease of City property, and earnings on investments.

### **PERMANENT FUND**

Permanent Funds are used to account for funds that are legally restricted to the extent that only earnings (and not principal) may be used for purposes that support the City or its citizenry.

The *Perpetual Care Cemetery Fund* accounts for the portion of cemetery lot sale proceeds required by law to be deposited into a perpetual care fund. Earnings on the funds may be used for the maintenance of the Evergreen Cemetery grounds.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2004**

	Total Special Revenue Funds	Total Capital Projects Funds	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 6,888,457	\$ 6,317,838		\$ 13,206,295
Due from other funds	313,357	846,344		1,159,701
Due from other governments	839,124	369,137		1,208,261
Accounts receivable, net	408,235		\$ 14,004	422,239
Due from others	202,485			202,485
Other accounts receivable	23,679		12,197	35,876
Prepaid items and deposits	1,925			1,925
Inventory	133,120			133,120
Restricted assets -				
Cash and cash equivalents			24,562	24,562
Investments, at fair value			1,284,829	1,284,829
	<u>\$ 8,810,382</u>	<u>\$ 7,533,319</u>	<u>\$ 1,335,592</u>	<u>\$ 17,679,293</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities-				
Cash overdrafts	\$ 357,435			\$ 357,435
Accounts payable	511,850	\$ 3,241,161		3,753,011
Accrued liabilities	144,987			144,987
Due to other funds	243,253	1,246,175		1,489,428
Due to other governments	90,965			90,965
Due to others		4,270		4,270
Deferred revenue	1,191,036	20,732		1,211,768
Other deposits	30,638			30,638
	<u>\$ 2,570,164</u>	<u>\$ 4,512,338</u>		<u>\$ 7,082,502</u>
Fund Balance-				
Reserved for inventory	\$ 75,231			\$ 75,231
Reserved for perpetual care			\$ 1,221,566	1,221,566
Unreserved -				
Designated for repairs and replacement	377,020			377,020
Designated for contingencies	136,746			136,746
Undesignated	5,651,221	\$ 3,020,981	114,026	8,786,228
	<u>\$ 6,240,218</u>	<u>\$ 3,020,981</u>	<u>\$ 1,335,592</u>	<u>\$ 10,596,791</u>
	<u>\$ 8,810,382</u>	<u>\$ 7,533,319</u>	<u>\$ 1,335,592</u>	<u>\$ 17,679,293</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**

**Year Ended June 30, 2004**

	Total Special Revenue Funds	Total Capital Projects Funds	Permanent Fund Perpetual Care Cemetery Fund	Total Nonmajor Governmental Funds
Revenues-				
Taxes	\$ 1,104,217			\$ 1,104,217
Intergovernmental	6,697,067	\$ 2,200,284		8,897,351
Charges for services	5,337,960			5,337,960
Interest and investment earnings	55,401	82,301	\$ 66,694	204,396
Program income		63,593		63,593
Miscellaneous	900,301	4,154,105		5,054,406
	<u>\$ 14,094,946</u>	<u>\$ 6,500,283</u>	<u>\$ 66,694</u>	<u>\$ 20,661,923</u>
Expenditures -				
Current-				
Police	\$ 293,741			\$ 293,741
Streets	2,606,057			2,606,057
Sanitation	2,688,687			2,688,687
Other expenditures	1,608,791	\$ 1,367,348		2,976,139
Recreation	6,684,636			6,684,636
Community development		852,389		852,389
Education	4,594,230			4,594,230
Food service	2,083,432			2,083,432
Capital outlay/fixed assets	315,348	23,311,395		23,626,743
	<u>\$ 20,874,922</u>	<u>\$ 25,531,132</u>		<u>\$ 46,406,054</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (6,779,976)</u>	<u>\$ (19,030,849)</u>	<u>\$ 66,694</u>	<u>\$ (25,744,131)</u>
Other Sources (Uses) -				
Issuance of debt		\$ 17,382,500		\$ 17,382,500
Transfers in	\$ 7,386,116			7,386,116
Transfers out	(630,000)	(1,597,831)	\$ (49,324)	(2,277,155)
	<u>\$ 6,756,116</u>	<u>\$ 15,784,669</u>	<u>\$ (49,324)</u>	<u>\$ 22,491,461</u>
Net change in fund balance	<u>\$ (23,860)</u>	<u>\$ (3,246,180)</u>	<u>\$ 17,370</u>	<u>\$ (3,252,670)</u>
Fund Balances at beginning of year,				
as previously stated	\$ 6,081,978	\$ 6,067,161	\$ 1,318,222	\$ 13,467,361
Prior period adjustment	182,100	200,000		382,100
Fund Balances at beginning of year,				
as restated	<u>\$ 6,264,078</u>	<u>\$ 6,267,161</u>	<u>\$ 1,318,222</u>	<u>\$ 13,849,461</u>
Fund Balances at end of year	<u>\$ 6,240,218</u>	<u>\$ 3,020,981</u>	<u>\$ 1,335,592</u>	<u>\$ 10,596,791</u>

### **NONMAJOR SPECIAL REVENUE FUNDS**

***State Street Aid Fund*** accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

***City Recreation Fund*** accounts for revenues and expenditures related to the operation of City parks and recreational facilities.

***Senior Citizens Fund*** accounts for revenues from various grants received for the purpose of operating a senior citizens center and the expenditures related to the center.

***Old Fort Golf Course Fund*** accounts for revenues and expenditures related to the operation of the City golf courses.

***Television Fund*** accounts for revenue from the cable franchise tax and for the expenditures related to broadcast of city council meetings and other events of community interest over the government access television channel.

***Solid Waste Fund*** accounts for expenditures related to the removal and disposal of solid waste.

***Airport Fund*** accounts for revenues and expenditures related to the operation of the municipal airport.

***Drug Enforcement Fund*** accounts for revenue from drug fines and confiscated property and the use of those funds in the City's drug enforcement and education programs.

***Extended School Program Fund*** accounts for revenues and expenditures associated with the operation of the School System's before and after school program.

***School Cafeteria Fund*** accounts for the revenues and expenditures of the cafeteria operations for all of the schools.

***School Federal Projects Fund*** accounts for revenues and expenditures associated with federally financed school programs. The school federal projects funds included are 21<sup>st</sup> Century, Title I Program, IDEA Part B Program, Title II Program, Preschool Grant, Even Start Program, Title VI Program, Title III Program, Title V Program, Class Size Reduction, Migrant Program, Project Eagle, and the TCLS II Grant.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**

**June 30, 2004**

	State Street Aid	City Recreation	Senior Citizens	Old Fort Golf Course	Television	Solid Waste	Airport	Drug Enforcement	Extended School Program	School Cafeteria
<b><u>ASSETS</u></b>										
Cash and cash equivalents	\$ 1,752,156	\$ 283,531	\$ 244,063	\$ 663,999	\$ 1,849,492	\$ 157,157	\$ 89,378	\$ 319,744	\$ 911,568	\$ 464,237
Due from other funds						80	59,507	6,752	14,682	122,037
Due from other governments	209,933	29,724	1,771	1,462		208,919	9,000	27,946	48,832	
Accounts receivable, net	359,266						5,242		43,607	120
Due from others					202,485					
Other accounts receivable		2,241	138	21,300						
Prepaid items and deposits								1,925		
Inventory				64,930			10,301			57,889
	<u>\$ 2,321,355</u>	<u>\$ 315,496</u>	<u>\$ 245,972</u>	<u>\$ 751,691</u>	<u>\$ 2,051,977</u>	<u>\$ 366,156</u>	<u>\$ 173,428</u>	<u>\$ 356,367</u>	<u>\$ 1,018,689</u>	<u>\$ 644,283</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>										
<b>Liabilities-</b>										
Cash overdraft										
Accounts payable	\$ 285,984	\$ 73,719	\$ 8,955	\$ 50,760	\$ 16,920	\$ 33,045	\$ 9,770	\$ 12,402	\$ 20,124	\$ 171
Accrued liabilities									119,652	
Due to other funds	29,849	2,241	645	21,850	573		80	22,929	68,051	60,093
Due to other governments		18,631							72,334	
Deferred revenue		3,500		47,565	750,000		2,791	30,640	211,284	
Deposits		1,725	3,718	116			25,079			
	<u>\$ 315,833</u>	<u>\$ 99,816</u>	<u>\$ 13,318</u>	<u>\$ 120,291</u>	<u>\$ 767,493</u>	<u>\$ 33,045</u>	<u>\$ 37,720</u>	<u>\$ 65,971</u>	<u>\$ 491,445</u>	<u>\$ 60,264</u>
<b>Fund Balance-</b>										
Reserved for inventory				\$ 64,930			\$ 10,301			
Unreserved -										
Designated for repairs and replacement		\$ 46,068		330,952						
Designated for contingencies				136,746						
Undesignated	\$ 2,005,522	169,612	\$ 232,654	98,772	\$ 1,284,484	\$ 333,111	125,407	\$ 290,396	\$ 527,244	\$ 584,019
	<u>\$ 2,005,522</u>	<u>\$ 215,680</u>	<u>\$ 232,654</u>	<u>\$ 631,400</u>	<u>\$ 1,284,484</u>	<u>\$ 333,111</u>	<u>\$ 135,708</u>	<u>\$ 290,396</u>	<u>\$ 527,244</u>	<u>\$ 584,019</u>
	<u>\$ 2,321,355</u>	<u>\$ 315,496</u>	<u>\$ 245,972</u>	<u>\$ 751,691</u>	<u>\$ 2,051,977</u>	<u>\$ 366,156</u>	<u>\$ 173,428</u>	<u>\$ 356,367</u>	<u>\$ 1,018,689</u>	<u>\$ 644,283</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet (Continued)**  
**Nonmajor Special Revenue Funds**

**June 30, 2004**

	<u>21st Century</u>	<u>Title I Program</u>	<u>IDEA Part B Program</u>	<u>Title II Program</u>	<u>Title II Part D Program</u>	<u>Preschool Grant</u>	<u>Even Start Program</u>	<u>Title III Program</u>	<u>Title V Program</u>	<u>Project Eagle</u>	<u>Total Nonmajor Special Revenue</u>
<b><u>ASSETS</u></b>											
Cash and cash equivalents		\$ 116,394	\$ 36,738								\$ 6,888,457
Due from other funds	\$ 24,442			\$ 21,791	\$ 15,539		\$ 23,232			\$ 25,295	313,357
Due from other governments	100,561				592	\$ 11,086	46,567	\$ 4,902	\$ 11,390	126,439	839,124
Accounts receivable, net											408,235
Due from others											202,485
Other accounts receivable											23,679
Prepaid items and deposits											1,925
Inventory											133,120
	<u>\$ 125,003</u>	<u>\$ 116,394</u>	<u>\$ 36,738</u>	<u>\$ 21,791</u>	<u>\$ 16,131</u>	<u>\$ 11,086</u>	<u>\$ 69,799</u>	<u>\$ 4,902</u>	<u>\$ 11,390</u>	<u>\$ 151,734</u>	<u>\$ 8,810,382</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>											
Liabilities-											
Cash overdraft	\$ 90,058			\$ 21,791	\$ 16,131	\$ 11,086	\$ 66,721	\$ 4,504	\$ 11,390	\$ 135,754	\$ 357,435
Accounts payable											511,850
Accrued liabilities	6,747						2,608			15,980	144,987
Due to other funds	28,107	\$ 8,365					470				243,253
Due to other governments											90,965
Deferred revenue	91	108,029	\$ 36,738					398			1,191,036
Deposits											30,638
	<u>\$ 125,003</u>	<u>\$ 116,394</u>	<u>\$ 36,738</u>	<u>\$ 21,791</u>	<u>\$ 16,131</u>	<u>\$ 11,086</u>	<u>\$ 69,799</u>	<u>\$ 4,902</u>	<u>\$ 11,390</u>	<u>\$ 151,734</u>	<u>\$ 2,570,164</u>
Fund Balance-											
Reserved for inventory											\$ 75,231
Unreserved -											
Designated for repairs and replacement											377,020
Designated for contingencies											136,746
Undesignated											5,651,221
	<u>\$ 125,003</u>	<u>\$ 116,394</u>	<u>\$ 36,738</u>	<u>\$ 21,791</u>	<u>\$ 16,131</u>	<u>\$ 11,086</u>	<u>\$ 69,799</u>	<u>\$ 4,902</u>	<u>\$ 11,390</u>	<u>\$ 151,734</u>	<u>\$ 8,810,382</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**

**Year Ended June 30, 2004**

	<u>State Street Aid</u>	<u>City Recreation</u>	<u>Senior Citizens</u>	<u>Old Fort Golf Course</u>	<u>Television</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Drug Enforcement</u>	<u>Extended School Program</u>	<u>School Cafeteria Fund</u>
<b>Revenues-</b>										
Intergovernmental	\$ 2,112,043	\$ 145,036	\$ 138,546			\$ 202,033	\$ 36,259		\$ 92,926	\$ 1,108,799
Charges for services		906,010	77,916	\$ 1,074,532		14,361	194,822		1,952,060	1,118,259
Interest	19,731	2,606	3,354	8,311	\$ 14,915	1,897	1,483	\$ 3,104		
Franchise tax					1,104,217					
Miscellaneous	6,756	48,194	55,459	9,000	805	35,080	486,741	237,249	17,855	3,162
	<u>\$ 2,138,530</u>	<u>\$ 1,101,846</u>	<u>\$ 275,275</u>	<u>\$ 1,091,843</u>	<u>\$ 1,119,937</u>	<u>\$ 253,371</u>	<u>\$ 719,305</u>	<u>\$ 240,353</u>	<u>\$ 2,062,841</u>	<u>\$ 2,230,220</u>
<b>Expenditures-</b>										
Education									\$ 1,747,209	
Recreation		\$ 5,335,473		\$ 1,349,163						
Streets	\$ 2,606,057									
Sanitation						\$ 2,688,687				
Police								\$ 293,741		
Other			\$ 583,473		\$ 369,905		\$ 641,009			
Food service										\$ 2,083,432
Capital outlay		31,501	41,241	69,669	43,804	16,844	74,885	37,404		
	<u>\$ 2,606,057</u>	<u>\$ 5,366,974</u>	<u>\$ 624,714</u>	<u>\$ 1,418,832</u>	<u>\$ 413,709</u>	<u>\$ 2,705,531</u>	<u>\$ 715,894</u>	<u>\$ 331,145</u>	<u>\$ 1,747,209</u>	<u>\$ 2,083,432</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (467,527)</u>	<u>\$ (4,265,128)</u>	<u>\$ (349,439)</u>	<u>\$ (326,989)</u>	<u>\$ 706,228</u>	<u>\$ (2,452,160)</u>	<u>\$ 3,411</u>	<u>\$ (90,792)</u>	<u>\$ 315,632</u>	<u>\$ 146,788</u>
<b>Other Sources (Uses)-</b>										
Transfers in		\$ 4,186,418	\$ 322,915			\$ 2,762,810	\$ 5,130	\$ 108,843		
Transfers out	\$ (300,000)					(250,000)	(50,000)		\$ (30,000)	
	<u>\$ (300,000)</u>	<u>\$ 4,186,418</u>	<u>\$ 322,915</u>			<u>\$ 2,512,810</u>	<u>\$ (44,870)</u>	<u>\$ 108,843</u>	<u>\$ (30,000)</u>	
Net change in fund balance	<u>\$ (767,527)</u>	<u>\$ (78,710)</u>	<u>\$ (26,524)</u>	<u>\$ (326,989)</u>	<u>\$ 706,228</u>	<u>\$ 60,650</u>	<u>\$ (41,459)</u>	<u>\$ 18,051</u>	<u>\$ 285,632</u>	<u>\$ 146,788</u>
<b>Fund Balance at beginning of year,</b> as previously stated	\$ 2,590,949	\$ 294,390	\$ 259,178	\$ 958,389	\$ 578,256	\$ 272,461	\$ 177,167	\$ 272,345	\$ 241,612	\$ 437,231
Prior period adjustment	182,100									
<b>Fund Balance at beginning of year,</b> as restated	<u>\$ 2,773,049</u>	<u>\$ 294,390</u>	<u>\$ 259,178</u>	<u>\$ 958,389</u>	<u>\$ 578,256</u>	<u>\$ 272,461</u>	<u>\$ 177,167</u>	<u>\$ 272,345</u>	<u>\$ 241,612</u>	<u>\$ 437,231</u>
<b>Fund Balance at end of year</b>	<u>\$ 2,005,522</u>	<u>\$ 215,680</u>	<u>\$ 232,654</u>	<u>\$ 631,400</u>	<u>\$ 1,284,484</u>	<u>\$ 333,111</u>	<u>\$ 135,708</u>	<u>\$ 290,396</u>	<u>\$ 527,244</u>	<u>\$ 584,019</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**

**Year Ended June 30, 2004**

	21st Century Fund	Title I Program	IDEA Part B Program	Title II Program	Title II Part D Program	Preschool Grant	Even Start Program	Title III Program	Title V Program	Project Eagle	Total Nonmajor Special Revenue Funds
Revenues-											
Intergovernmental	\$ 209,536	\$ 852,377	\$ 778,182	\$ 301,776	\$ 20,460	\$ 30,999	376,500	\$ 39,021	\$ 14,444	\$ 238,130	\$ 6,697,067
Charges for services											5,337,960
Interest											55,401
Franchise tax											1,104,217
Miscellaneous											900,301
	<u>\$ 209,536</u>	<u>\$ 852,377</u>	<u>\$ 778,182</u>	<u>\$ 301,776</u>	<u>\$ 20,460</u>	<u>\$ 30,999</u>	<u>\$ 376,500</u>	<u>\$ 39,021</u>	<u>\$ 14,444</u>	<u>\$ 238,130</u>	<u>\$ 14,094,946</u>
Expenditures-											
Education	\$ 203,806	\$ 852,377	\$ 771,282	\$ 301,776	\$ 20,460	\$ 30,999	\$ 376,500	\$ 39,021	\$ 14,444	\$ 236,356	\$ 4,594,230
Recreation											6,684,636
Streets											2,606,057
Sanitation											2,688,687
Police											293,741
Other	5,730		6,900							1,774	1,608,791
Food service											2,083,432
Capital outlay											315,348
	<u>\$ 209,536</u>	<u>\$ 852,377</u>	<u>\$ 778,182</u>	<u>\$ 301,776</u>	<u>\$ 20,460</u>	<u>\$ 30,999</u>	<u>\$ 376,500</u>	<u>\$ 39,021</u>	<u>\$ 14,444</u>	<u>\$ 238,130</u>	<u>\$ 20,874,922</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (6,779,976)</u>
Other Sources (Uses)-											
Transfers in											\$ 7,386,116
Transfers out											(630,000)
											<u>\$ 6,756,116</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (23,860)</u>
Fund Balance at beginning of year as previously stated	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,081,978
Prior period adjustment											182,100
Fund Balance at beginning of year, as restated	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,264,078</u>
Fund Balance at end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,240,218</u>



**CITY OF MURFREESBORO, TENNESSEE**

**State Street Aid Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Tennessee state gasoline tax apportionment	\$ 1,880,072	\$ 2,105,572	\$ 2,112,043	\$ 6,471
Interest	30,000	30,000	19,731	(10,269)
Miscellaneous			6,756	6,756
	<u>\$ 1,910,072</u>	<u>\$ 2,135,572</u>	<u>\$ 2,138,530</u>	<u>\$ 2,958</u>
Expenditures-				
Traffic signals	\$ 100,000	\$ 100,000	\$ 73,684	\$ 26,316
Curbs and gutters	140,000	140,000	168,950	(28,950)
Sidewalks	50,000	50,000	84,740	(34,740)
Rights-of-way	100,000	100,000	104,439	(4,439)
Street paving	671,072	1,607,072	1,606,940	132
Street markings	110,000	110,000	118,337	(8,337)
Bridges	15,000	15,000		15,000
Storm drainage	140,000	200,000	209,863	(9,863)
Intersections	50,000	50,000	55,326	(5,326)
Traffic signal lighting	44,000	44,000	49,607	(5,607)
Other services	60,000	60,000	32,508	27,492
Contractual services	50,000	50,000	54,032	(4,032)
Surveys and engineering	80,000	80,000	47,631	32,369
	<u>\$ 1,610,072</u>	<u>\$ 2,606,072</u>	<u>\$ 2,606,057</u>	<u>\$ 15</u>
Excess of Revenues Over (Under) Expenditures	\$ 300,000	\$ (470,500)	\$ (467,527)	\$ 2,973
Other Financing Uses -				
Transfer to debt service fund	(300,000)	(300,000)	(300,000)	-0-
Net change in fund balance	<u>\$ -0-</u>	<u>\$ (770,500)</u>	<u>\$ (767,527)</u>	<u>\$ 2,973</u>
Fund Balance at beginning of year, as previously stated			\$ 2,590,949	
Prior period adjustment			182,100	
Fund Balance at beginning of year, as restated			<u>\$ 2,773,049</u>	
Fund Balance at end of year			<u>\$ 2,005,522</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**City Recreation Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Interest	\$ 3,000	\$ 3,000	\$ 2,606	\$ (394)
Federal funds	88,500	88,500	78,807	(9,693)
County funds	55,000	55,000	66,229	11,229
Charges for recreational activities	935,049	935,049	906,010	(29,039)
Donations received			7,662	7,662
Miscellaneous	30,000	30,000	40,532	10,532
	<u>\$ 1,111,549</u>	<u>\$ 1,111,549</u>	<u>\$ 1,101,846</u>	<u>\$ (9,703)</u>
Expenditures -				
Labor	\$ 3,160,816	\$ 3,160,816	\$ 2,767,533	\$ 393,283
Park and ride police patrol	427,000	427,000	371,280	55,720
Operation and Maintenance -				
Machinery and equipment	63,797	63,797	71,576	(7,779)
Grounds	140,000	140,000	100,330	39,670
Building	120,000	120,000	79,045	40,955
Swimming pools	50,000	50,000	49,087	913
Supplies	170,905	170,905	165,907	4,998
Insurance	185,615	185,615	185,188	427
Social Security taxes	241,802	241,802	209,906	31,896
Group insurance	295,782	295,782	293,405	2,377
Retirement	190,794	190,794	175,800	14,994
Utilities	660,149	660,149	616,846	43,303
Travel and subsistence	55,175	55,175	54,163	1,012
Arts and humanities	46,850	46,850	42,658	4,192
Surveys and studies			37,062	(37,062)
Grant expenditures	3,533	3,533	903	2,630
Training personnel	8,246	8,246	7,737	509
Purchases for resale	90,500	90,500	76,113	14,387
Amusement tax	14,300	14,300	14,976	(676)
Other miscellaneous	10,720	10,720	15,958	(5,238)
Capital outlay	5,000	5,000	31,501	(26,501)
	<u>\$ 5,940,984</u>	<u>\$ 5,940,984</u>	<u>\$ 5,366,974</u>	<u>\$ 574,010</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,829,435)</u>	<u>\$ (4,829,435)</u>	<u>\$ (4,265,128)</u>	<u>\$ 564,307</u>
Other Financing Sources -				
Transfer from general fund	4,829,435	4,829,435	4,186,418	(643,017)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (78,710)</u>	<u>\$ (78,710)</u>
Fund Balance at beginning of year			294,390	
Fund Balance at end of year			<u>\$ 215,680</u>	

**CITY OF MURFREESBORO, TENNESSEE****Senior Citizens Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual****Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues -</b>				
Interest			\$ 3,354	\$ 3,354
County funds	\$ 88,000	\$ 103,200	105,175	1,975
State funds	8,500	8,500	8,500	
Federal funds	23,100	23,100	24,871	1,771
Revenue from other agencies	46,100	46,100	41,075	(5,025)
Program income	66,000	66,000	77,916	11,916
Donations received	8,750	8,750	9,482	732
Miscellaneous			4,902	4,902
	<u>\$ 240,450</u>	<u>\$ 255,650</u>	<u>\$ 275,275</u>	<u>\$ 19,625</u>
<b>Expenditures -</b>				
Labor	\$ 341,905	\$ 341,905	\$ 325,664	\$ 16,241
Operations and maintenance	14,036	14,036	14,724	(688)
Supplies	55,717	55,717	52,805	2,912
Insurance	6,996	6,996	8,653	(1,657)
Social Security taxes	26,156	26,156	24,710	1,446
Group insurance	44,385	44,385	43,785	600
Retirement	26,464	26,464	25,536	928
Utilities	42,764	42,764	38,188	4,576
Contractual services	17,500	17,500	17,600	(100)
Travel and subsistence	8,700	8,700	8,578	122
Training and instruction	16,500	16,500	16,943	(443)
Designated contributions	1,500	1,500	1,638	(138)
Other miscellaneous	5,950	5,950	4,649	1,301
Capital outlay	1,000	16,200	41,241	(25,041)
	<u>\$ 609,573</u>	<u>\$ 624,773</u>	<u>\$ 624,714</u>	<u>\$ 59</u>
Excess of Revenues Over (Under) Expenditures	\$ (369,123)	\$ (369,123)	\$ (349,439)	\$ 19,684
<b>Other Financing Sources -</b>				
Transfer from other funds	<u>285,370</u>	<u>285,370</u>	<u>322,915</u>	<u>37,545</u>
Net change in fund balance	<u>\$ (83,753)</u>	<u>\$ (83,753)</u>	<u>\$ (26,524)</u>	<u>\$ 57,229</u>
Fund Balance at beginning of year			<u>259,178</u>	
Fund Balance at end of year			<u>\$ 232,654</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Old Fort Golf Course Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues-</b>				
<b>Old Fort Golf Course-</b>				
Green fees	\$ 450,000	\$ 450,000	\$ 440,095	\$ (9,905)
Cart rentals and trail fees	126,150	126,150	138,239	12,089
Driving range	15,000	15,000	1,404	(13,596)
Concession and retail sales	280,500	280,500	276,829	(3,671)
Interest earned	7,000	7,000	8,311	1,311
Miscellaneous	7,100	7,100	9,000	1,900
	<u>\$ 885,750</u>	<u>\$ 885,750</u>	<u>\$ 873,878</u>	<u>\$ (11,872)</u>
<b>Veteran's Administration Course-</b>				
Green fees	\$ 207,500	\$ 207,500	\$ 182,604	\$ (24,896)
Cart rentals and trail fees	14,000	14,000	10,089	(3,911)
Concession and retail sales	32,250	32,250	25,272	(6,978)
	<u>\$ 253,750</u>	<u>\$ 253,750</u>	<u>\$ 217,965</u>	<u>\$ (35,785)</u>
<b>Total Revenues</b>	<u>\$ 1,139,500</u>	<u>\$ 1,139,500</u>	<u>\$ 1,091,843</u>	<u>\$ (47,657)</u>
<b>Expenditures-</b>				
<b>Old Fort Golf Course-</b>				
Labor	\$ 578,982	\$ 578,982	\$ 536,666	\$ 42,316
Operations and maintenance	47,500	53,800	58,676	(4,876)
Material	70,500	70,500	77,239	(6,739)
Supplies	36,625	36,625	36,580	45
Insurance	23,180	23,180	23,431	(251)
Social Security	44,292	44,292	40,163	4,129
Employee group insurance	59,690	59,690	61,711	(2,021)
Employee retirement	44,946	44,946	44,533	413
Utilities	36,500	36,500	36,495	5
Travel and subsistence	9,600	9,600	9,600	
Items for resale	165,000	165,000	186,045	(21,045)
Sales tax	37,500	37,500	36,743	757
Other miscellaneous expenses	18,800	18,800	21,047	(2,247)
Overhead allocation	(73,105)	(73,105)	(73,105)	
Capital outlay	35,200	35,200	52,673	(17,473)
	<u>\$ 1,135,210</u>	<u>\$ 1,141,510</u>	<u>\$ 1,148,497</u>	<u>\$ (6,987)</u>

(continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Old Fort Golf Course Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued)**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures (continued) -				
Veteran's Administration Course-				
Labor	\$ 110,157	\$ 110,157	\$ 101,245	\$ 8,912
Operations and maintenance	8,000	8,000	7,908	92
Material	7,500	7,500	5,949	1,551
Supplies	13,000	13,000	10,472	2,528
General insurance	4,505	4,505	4,505	
Social Security	8,427	8,427	7,732	695
Employee group insurance	10,268	10,268	10,223	45
Employee retirement	6,254	6,254	6,254	
Utilities	9,800	9,800	7,839	1,961
Travel and subsistence	2,400	2,400	2,400	
Items for resale	17,000	17,000	12,147	4,853
Sales tax	4,250	4,250	3,211	1,039
Other miscellaneous expenses	1,000	1,000	349	651
Overhead allocation	73,105	73,105	73,105	
Capital outlay	1,750	1,750	16,996	(15,246)
	<u>\$ 277,416</u>	<u>\$ 277,416</u>	<u>\$ 270,335</u>	<u>\$ 7,081</u>
Total Expenditures	<u>\$ 1,412,626</u>	<u>\$ 1,418,926</u>	<u>\$ 1,418,832</u>	<u>\$ 94</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (273,126)</u>	<u>\$ (279,426)</u>	<u>\$ (326,989)</u>	<u>\$ (47,563)</u>
Fund Balance at beginning of year			958,389	
Fund Balance at end of year			<u>\$ 631,400</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Television Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Cable franchise tax	\$ 660,000	\$ 660,000	\$ 1,104,217	\$ 444,217
Interest	7,200	7,200	14,915	7,715
Miscellaneous	400	400	805	405
	<u>\$ 667,600</u>	<u>\$ 667,600</u>	<u>\$ 1,119,937</u>	<u>\$ 452,337</u>
Expenditures -				
Labor	\$ 200,048	\$ 200,048	\$ 195,733	\$ 4,315
Operation and maintenance	11,200	11,200	26,311	(15,111)
Supplies	2,400	2,400	1,028	1,372
Advertising supplies	3,000	3,000	428	2,572
Audio/video supplies	13,000	13,000	9,271	3,729
Insurance	10,473	10,473	10,663	(190)
Social security	15,304	15,304	15,221	83
Group insurance	20,633	20,633	20,524	109
Retirement	17,032	17,032	17,032	
Utilities	2,400	2,400	2,442	(42)
Travel and subsistence	10,200	10,200	9,444	756
Association dues	1,000	1,000	815	185
Training personnel	9,000	9,000	5,704	3,296
Professional services	30,000	30,000	12,462	17,538
Other miscellaneous	44,600	44,600	42,827	1,773
Capital outlay	59,940	59,940	43,804	16,136
	<u>\$ 450,230</u>	<u>\$ 450,230</u>	<u>\$ 413,709</u>	<u>\$ 36,521</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 217,370</u>	<u>\$ 217,370</u>	<u>\$ 706,228</u>	<u>\$ 488,858</u>
Fund Balance at beginning of year			<u>578,256</u>	
Fund Balance at end of year			<u>\$ 1,284,484</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Solid Waste Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues -</b>				
Interest	\$ 600	\$ 600	\$ 1,897	\$ 1,297
Federal program revenue			202,033	202,033
Charges for services	9,500	9,500	14,361	4,861
Miscellaneous	10,000	28,600	35,080	6,480
	<u>\$ 20,100</u>	<u>\$ 38,700</u>	<u>\$ 253,371</u>	<u>\$ 214,671</u>
<b>Expenditures -</b>				
Labor	\$ 1,391,451	\$ 1,391,451	\$ 1,277,221	\$ 114,230
Operations and maintenance	265,000	265,000	446,471	(181,471)
Supplies	120,050	125,450	146,939	(21,489)
Insurance	214,873	214,873	223,061	(8,188)
Social Security	104,266	104,266	93,902	10,364
Group insurance	276,039	276,039	221,133	54,906
Retirement	130,122	130,122	107,517	22,605
Travel and subsistence	6,000	6,000	6,000	
Training personnel	1,000	1,000	525	475
License fees	1,500	1,500	385	1,115
Disposal carts	145,500	158,700	158,643	57
Other miscellaneous	3,150	3,150	6,890	(3,740)
Capital outlay	28,000	28,000	16,844	11,156
	<u>\$ 2,686,951</u>	<u>\$ 2,705,551</u>	<u>\$ 2,705,531</u>	<u>\$ 20</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,666,851)</u>	<u>\$ (2,666,851)</u>	<u>\$ (2,452,160)</u>	<u>\$ 214,691</u>
<b>Other Financing Sources (Uses)-</b>				
Transfer from general fund	\$ 2,916,851	\$ 2,916,851	\$ 2,762,810	\$ (154,041)
Transfer to debt service fund	(250,000)	(250,000)	(250,000)	
	<u>\$ 2,666,851</u>	<u>\$ 2,666,851</u>	<u>\$ 2,512,810</u>	<u>\$ (154,041)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	\$ 60,650	<u>\$ 60,650</u>
Fund Balance at beginning of year			272,461	
Fund Balance at end of year			<u>\$ 333,111</u>	

**CITY OF MURFREESBORO, TENNESSEE****Airport Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual****Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues -</b>				
State maintenance funds	\$ 9,000	\$ 9,000	\$ 9,000	
State funds	487,610	487,610	27,259	\$ (460,351)
Interest	3,700	3,700	1,483	(2,217)
Rental income	202,398	202,398	194,822	(7,576)
Fuel sales	312,000	312,000	485,384	173,384
Miscellaneous	1,000	1,000	1,357	357
	<u>\$ 1,015,708</u>	<u>\$ 1,015,708</u>	<u>\$ 719,305</u>	<u>\$ (296,403)</u>
<b>Expenditures -</b>				
Labor	\$ 96,966	\$ 96,966	\$ 98,491	\$ (1,525)
Operations and maintenance	34,000	34,000	40,465	(6,465)
Supplies	7,600	7,600	6,908	692
Insurance	13,620	13,620	14,005	(385)
Social Security	7,418	7,418	7,761	(343)
Group insurance	7,769	7,769	7,058	711
Retirement	5,328	5,328	5,957	(629)
Utilities	19,150	19,150	21,838	(2,688)
Travel and subsistence	7,700	7,700	6,315	1,385
Purchases for resale	236,277	236,277	357,055	(120,778)
Fuel rebates	1,200	1,200	45,904	(44,704)
Surveys and studies	5,000	5,000	145	4,855
Other miscellaneous	11,600	11,600	29,107	(17,507)
Capital outlay	569,720	569,720	74,885	494,835
	<u>\$ 1,023,348</u>	<u>\$ 1,023,348</u>	<u>\$ 715,894</u>	<u>\$ 307,454</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (7,640)</u>	<u>\$ (7,640)</u>	<u>\$ 3,411</u>	<u>\$ 11,051</u>
<b>Other Financing Sources and (Uses) -</b>				
Transfer from general fund	\$ 6,800	\$ 6,800	\$ 5,130	\$ (1,670)
Transfer to debt service fund	(50,000)	(50,000)	(50,000)	
	<u>\$ (43,200)</u>	<u>\$ (43,200)</u>	<u>\$ (44,870)</u>	<u>\$ (1,670)</u>
Net change in fund balance	<u>\$ (50,840)</u>	<u>\$ (50,840)</u>	<u>\$ (41,459)</u>	<u>\$ 9,381</u>
Fund Balance at beginning of year			177,167	
Fund Balance at end of year			<u>\$ 135,708</u>	



**CITY OF MURFREESBORO, TENNESSEE**

**Drug Enforcement Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Court fines	\$ 95,000	\$ 95,000	\$ 108,878	\$ 13,878
Seizure awards	20,000	20,000	111,166	91,166
Interest	8,000	8,000	3,104	(4,896)
Miscellaneous	15,000	15,000	17,205	2,205
	<u>\$ 138,000</u>	<u>\$ 138,000</u>	<u>\$ 240,353</u>	<u>\$ 102,353</u>
Expenditures -				
Labor	\$ 99,000	\$ 99,000	\$ 106,165	\$ (7,165)
Operations and maintenance	19,200	19,200	22,613	(3,413)
Supplies	8,000	8,000	7,731	269
Utilities	21,600	21,600	30,713	(9,113)
Training	20,000	20,000	20,728	(728)
Rent	26,000	26,000	27,076	(1,076)
Undercover operations	85,000	85,000	50,648	34,352
Rutherford County Drug Court	25,000	25,000	25,000	
Other miscellaneous	6,500	6,500	3,067	3,433
Capital outlay	26,725	26,725	37,404	(10,679)
	<u>\$ 337,025</u>	<u>\$ 337,025</u>	<u>\$ 331,145</u>	<u>\$ 5,880</u>
Excess of Revenues Over (Under) Expenditures	\$ (199,025)	\$ (199,025)	\$ (90,792)	\$ 108,233
Other Financing Sources -				
Transfer from general fund	95,000	95,000	108,843	13,843
Net change in fund balance	<u>\$ (104,025)</u>	<u>\$ (104,025)</u>	\$ 18,051	<u>\$ 122,076</u>
Fund Balance at beginning of year			272,345	
Fund Balance at end of year			<u>\$ 290,396</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Extended School Program Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 22,699	\$ 22,699	\$ 92,926	\$ 70,227
Charges for services	1,720,632	1,720,632	1,952,060	231,428
Other local revenues	12,715	12,715	17,855	5,140
	<u>\$ 1,756,046</u>	<u>\$ 1,756,046</u>	<u>\$ 2,062,841</u>	<u>\$ 306,795</u>
Expenditures -				
Community services	<u>\$ 1,568,183</u>	<u>\$ 1,568,183</u>	<u>\$ 1,747,209</u>	<u>\$ (179,026)</u>
Excess of Revenues Over (Under) Expenditures	\$ 187,863	\$ 187,863	\$ 315,632	\$ (127,769)
Other Financing Uses -				
Transfer to other fund	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses (Budgetary basis)	<u>\$ 157,863</u>	<u>\$ 157,863</u>	\$ 285,632	<u>\$ (127,769)</u>
Adjustment for encumbrances			<u>-0-</u>	
Net change in fund balance (GAAP basis)			\$ 285,632	
Fund Balance at beginning of year			<u>241,612</u>	
Fund Balance at end of year			<u>\$ 527,244</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**School Cafeteria Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ 1,032,409	\$ 1,032,409	\$ 1,108,799	\$ 76,390
Charges for services	1,226,236	1,226,236	1,118,259	(107,977)
Other local revenues	26,620	26,620	3,162	(23,458)
	<u>\$ 2,285,265</u>	<u>\$ 2,285,265</u>	<u>\$ 2,230,220</u>	<u>\$ (55,045)</u>
Expenditures -				
Food service	\$ 2,208,703	\$ 2,208,703	\$ 2,083,432	\$ 125,271
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	<u>\$ 76,562</u>	<u>\$ 76,562</u>	\$ 146,788	<u>\$ 70,226</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ 146,788	
Fund Balance at beginning of year			<u>437,231</u>	
Fund Balance at end of year			<u>\$ 584,019</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**21st Century Program**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>175,000</u>	\$ <u>175,000</u>	\$ <u>209,536</u>	\$ <u>34,536</u>
Expenditures -				
Transportation	\$ <u>4,132</u>	\$ <u>4,132</u>	\$ <u>5,730</u>	\$ <u>(1,598)</u>
Community services	<u>170,868</u>	<u>170,868</u>	<u>203,806</u>	<u>(32,938)</u>
	\$ <u>175,000</u>	\$ <u>175,000</u>	\$ <u>209,536</u>	\$ <u>(34,536)</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Title I Program**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>960,406</u>	\$ <u>960,406</u>	\$ <u>852,377</u>	\$ <u>(108,029)</u>
Expenditures -				
Regular instruction program	\$ 898,632	\$ 898,632	\$ 826,298	\$ 72,334
Other student support	13,500	13,500	2,505	10,995
Regular instruction program-support	48,274	48,274	23,574	24,700
	\$ <u>960,406</u>	\$ <u>960,406</u>	\$ <u>852,377</u>	\$ <u>108,029</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ -0-	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ -0-	
Fund Balance at beginning of year			<u>-0-</u>	
Fund Balance at end of year			\$ <u>-0-</u>	

CITY OF MURFREESBORO, TENNESSEE

IDEA Part B Program

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgeting Basis Variance with GAAP)

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>970,436</u>	\$ <u>970,436</u>	\$ <u>778,182</u>	\$ <u>(192,254)</u>
Expenditures -				
Special education program	\$ <u>722,693</u>	\$ <u>722,693</u>	\$ <u>578,460</u>	\$ <u>144,233</u>
Student support - health	<u>38,000</u>	<u>38,000</u>	<u>69,584</u>	<u>(31,584)</u>
Special education program - support	<u>137,443</u>	<u>137,443</u>	<u>123,238</u>	<u>14,205</u>
Transportation	<u>72,300</u>	<u>72,300</u>	<u>6,900</u>	<u>65,400</u>
	\$ <u>970,436</u>	\$ <u>970,436</u>	\$ <u>778,182</u>	\$ <u>192,254</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Title II Program**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>268,890</u>	\$ <u>268,890</u>	\$ <u>301,776</u>	\$ <u>32,886</u>
Expenditures -				
Regular instruction program			\$ 170,771	\$ (170,771)
Regular instruction program-support	\$ <u>268,890</u>	\$ <u>268,890</u>	<u>131,005</u>	<u>137,885</u>
	\$ <u>268,890</u>	\$ <u>268,890</u>	\$ <u>301,776</u>	\$ <u>(32,886)</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ -0-	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ -0-	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

CITY OF MURFREESBORO, TENNESSEE

Title II Part D Program

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual (Budgeting Basis Variance with GAAP)

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>16,960</u>	\$ <u>16,960</u>	\$ <u>20,460</u>	\$ <u>3,500</u>
Expenditures -				
Regular instruction program			\$ 592	\$ (592)
Other student support	\$ 16,960	\$ 16,960	11,379	5,581
Regular instruction program-support			8,489	(8,489)
	\$ <u>16,960</u>	\$ <u>16,960</u>	\$ <u>20,460</u>	\$ <u>(3,500)</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ -0-	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ -0-	
Fund Balance at beginning of year			<u>          </u>	
Fund Balance at end of year			\$ <u>-0-</u>	



**CITY OF MURFREESBORO, TENNESSEE**

**Preschool Grant**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>32,266</u>	\$ <u>32,266</u>	\$ <u>30,999</u>	\$ <u>(1,267)</u>
Expenditures -				
Special education program	\$ <u>32,266</u>	\$ <u>32,266</u>	\$ <u>30,999</u>	\$ <u>1,267</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Even Start Program**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>376,500</u>	\$ <u>376,500</u>	\$ <u>376,500</u>	\$ <u>-0-</u>
Expenditures -				
Community services	\$ <u>376,500</u>	\$ <u>376,500</u>	\$ <u>376,500</u>	\$ <u>-0-</u>
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year			<u>          </u>	
Fund Balance at end of year			\$ <u>-0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Title III Program**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>39,603</u>	\$ <u>39,603</u>	\$ <u>39,021</u>	\$ <u>(582)</u>
Expenditures -				
Regular instruction program	\$ <u>37,603</u>	\$ <u>37,603</u>	\$ <u>36,700</u>	\$ <u>903</u>
Regular instruction program-support	<u>2,000</u>	<u>2,000</u>	<u>2,321</u>	<u>(321)</u>
	\$ <u>39,603</u>	\$ <u>39,603</u>	\$ <u>39,021</u>	\$ <u>582</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Title V Program**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>41,255</u>	\$ <u>41,255</u>	\$ <u>14,444</u>	\$ <u>(26,811)</u>
Expenditures -				
Regular instruction program	\$ <u>12,000</u>	\$ <u>12,000</u>	\$ <u>1,699</u>	\$ <u>10,301</u>
Regular instruction program-support	<u>29,255</u>	<u>29,255</u>	<u>12,745</u>	<u>16,510</u>
	\$ <u>41,255</u>	\$ <u>41,255</u>	\$ <u>14,444</u>	\$ <u>26,811</u>
Excess of Revenues Over (Under) Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under) Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**Project Eagle**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgeting Basis Variance with GAAP)**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Federal program revenues	\$ <u>166,380</u>	\$ <u>166,380</u>	\$ <u>238,130</u>	\$ <u>71,750</u>
Expenditures -				
Community services	\$ <u>164,730</u>	\$ <u>164,730</u>	\$ <u>236,356</u>	\$ <u>(71,626)</u>
Transportation	<u>1,650</u>	<u>1,650</u>	<u>1,774</u>	<u>(124)</u>
	\$ <u>166,380</u>	\$ <u>166,380</u>	\$ <u>238,130</u>	\$ <u>(71,750)</u>
Excess of Revenues Over (Under)				
Expenditures (Budgetary basis)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Adjustment for encumbrances			<u>-0-</u>	
Excess of Revenues Over (Under)				
Expenditures (GAAP basis)			\$ <u>-0-</u>	
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

### **NONMAJOR CAPITAL PROJECTS FUNDS**

***Capital Improvement and Contingency Fund*** accounts for revenues and expenditures associated with the acquisition or construction of various capital projects for general government activities.

***Community Development Fund*** accounts for Community Development Block grants and state grants received and the improvements and expenditures related to the programs.

***Battlefield River Trail Fund*** accounts for revenue from a federal grant and expenditures related to the construction of a recreational trail along the Stones River.

***TML Loan Funds*** accounts for the proceeds of loans through the Tennessee Municipal League and the expenditures related to various projects funded by the loans. The funds included are 1996 TML Loan, 1998 TML Loan, 1999 TML Loan, and 2002 TML Loan.

***Lytle Creek Greenway Fund*** accounts for revenue from a federal grant and expenditures related to the construction of a recreational greenway trail along Lytle Creek.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet  
Nonmajor Capital Project Funds**

**June 30, 2004**

	Capital Improvement and Contingency	Community Development	Battlefield River Trail	1996 TML Loan	1998 TML Loan	1999 TML Loan	2001 TML Loan	2002 TML Loan	2004 TML Loan	Total Nonmajor Capital Projects
<b>ASSETS</b>										
Cash and cash equivalents	\$ 2,982,183	\$ 83	\$ 543		\$ 522,955	\$ 176,510	\$ 2,579,629	\$ 55,935		\$ 6,317,838
Due from other funds				\$ 200,104	572,644		73,596			846,344
Due from other governments		27,284	247,751				94,102			369,137
	<u>\$ 2,982,183</u>	<u>\$ 27,367</u>	<u>\$ 248,294</u>	<u>\$ 200,104</u>	<u>\$ 1,095,599</u>	<u>\$ 176,510</u>	<u>\$ 2,747,327</u>	<u>\$ 55,935</u>		<u>\$ 7,533,319</u>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities-										
Accounts payable	\$ 503,610		\$ 34,731		\$ 7,289	\$ 1,085,910	\$ 1,609,621			\$ 3,241,161
Due to other funds	73,596	\$ 5,913	213,020			213,508		\$ 6,562	\$ 733,576	1,246,175
Deferred revenue							20,732			20,732
Due to others		3,727	543							4,270
	<u>\$ 577,206</u>	<u>\$ 9,640</u>	<u>\$ 248,294</u>		<u>\$ 7,289</u>	<u>\$ 1,299,418</u>	<u>\$ 1,630,353</u>	<u>\$ 6,562</u>	<u>\$ 733,576</u>	<u>\$ 4,512,338</u>
Fund Balance -										
Unreserved -										
Undesignated	\$ 2,404,977	\$ 17,727		\$ 200,104	\$ 1,088,310	\$ (1,122,908)	\$ 1,116,974	\$ 49,373	\$ (733,576)	\$ 3,020,981
	<u>\$ 2,982,183</u>	<u>\$ 27,367</u>	<u>\$ 248,294</u>	<u>\$ 200,104</u>	<u>\$ 1,095,599</u>	<u>\$ 176,510</u>	<u>\$ 2,747,327</u>	<u>\$ 55,935</u>	<u>\$ -0-</u>	<u>\$ 7,533,319</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance  
Nonmajor Capital Project Funds**

**Year Ended June 30, 2004**

	Capital Improvement and Contingency Fund	Community Development Fund	Battlefield River Trail Fund	1996 TML Loan Fund	1998 TML Loan Fund
<b>Revenue-</b>					
Revenue from federal government		\$ 796,174	\$ 137,234		
Revenue from county government	\$ 1,266,876				
Interest income	33,580				\$ 9,329
Rental income	17,391				
Program income		63,593			
Miscellaneous	197				
	<u>\$ 1,318,044</u>	<u>\$ 859,767</u>	<u>\$ 137,234</u>		<u>\$ 9,329</u>
<b>Expenditures-</b>					
Civic Plaza					\$ 22,162
Manson/McFarland Landfill					1,038,296
Storm Water Management					
Other costs					
Community development -					
Administration		\$ 106,520			
Housing rehabilitation		489,117			
Housing assistance		84,070			
Other		171,863			
Capital outlay -					
Street construction and drainage					109,948
Battlefield River Trail			\$ 137,234		
Schools	\$ 1,623,279				
Police Department projects					
Recreation projects					
Old Fort Golf Course					
Airport					
Senior Center					
Other projects and costs	87,409				
	<u>\$ 1,710,688</u>	<u>\$ 851,570</u>	<u>\$ 137,234</u>		<u>\$ 1,170,406</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (392,644)</u>	<u>\$ 8,197</u>	<u>\$ -0-</u>		<u>\$ (1,161,077)</u>
<b>Other Financing Sources (Uses)-</b>					
Issuance of debt					\$ 1,427,500
Transfer to other funds	\$ (1,589,831)	\$ (8,000)			
	<u>\$ (1,589,831)</u>	<u>\$ (8,000)</u>			<u>\$ 1,427,500</u>
Net change in fund balance	<u>\$ (1,982,475)</u>	<u>\$ 197</u>	<u>\$ -0-</u>		<u>\$ 266,423</u>
<b>Fund Balance at beginning of year,</b> as previously stated	\$ 4,387,452	\$ 17,530	\$ -0-	\$ 200,104	\$ 821,887
Prior period adjustment					
Fund Balance at beginning of year, as restated	<u>\$ 4,387,452</u>	<u>\$ 17,530</u>	<u>\$ -0-</u>	<u>\$ 200,104</u>	<u>\$ 821,887</u>
Fund Balance at end of year	<u>\$ 2,404,977</u>	<u>\$ 17,727</u>	<u>\$ -0-</u>	<u>\$ 200,104</u>	<u>\$ 1,088,310</u>



1999 TML Loan Fund	2001 TML Loan Fund	2002 TML Loan Fund	2004 TML Loan Fund	Total Nonmajor Capital Projects Funds
				\$ 933,408
				1,266,876
\$ 5,290	\$ 34,045	\$ 57		82,301
				17,391
				63,593
70,397	4,066,120			4,136,714
\$ 75,687	\$ 4,100,165	\$ 57	\$ -0-	\$ 6,500,283
				\$ 22,162
\$ 913				1,039,209
	\$ 2,500		\$ 289,184	291,684
	48		14,245	14,293
				106,520
				489,117
				84,070
819				172,682
5,435,412	12,546,761			18,092,121
				137,234
				1,623,279
	235,519			235,519
650,680	540,730			1,191,410
1,621,271				1,621,271
	47,045			47,045
14,694				14,694
261,413				348,822
\$ 7,985,202	\$ 13,372,603	\$ -0-	\$ 303,429	\$ 25,531,132
\$ (7,909,515)	\$ (9,272,438)	\$ 57	\$ (303,429)	\$ (19,030,849)
				\$ 17,382,500
\$ 7,235,000	\$ 8,720,000			(1,597,831)
\$ 7,235,000	\$ 8,720,000			\$ 15,784,669
\$ (674,515)	\$ (552,438)	\$ 57	\$ (303,429)	\$ (3,246,180)
				\$ 6,067,161
\$ (448,393)	\$ 1,469,412	\$ (380,831)	\$ -0-	200,000
	200,000	430,147	(430,147)	200,000
\$ (448,393)	\$ 1,669,412	\$ 49,316	\$ (430,147)	\$ 6,267,161
\$ (1,122,908)	\$ 1,116,974	\$ 49,373	\$ (733,576)	\$ 3,020,981

**CITY OF MURFREESBORO, TENNESSEE**

**Capital Improvement and Contingency Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Revenue from county government		\$ 1,265,400	\$ 1,266,876	\$ 1,476
Interest income	\$ 12,600	12,600	33,580	20,980
Rent income	40,000	40,000	17,391	(22,609)
Miscellaneous			197	197
	<u>\$ 52,600</u>	<u>\$ 1,318,000</u>	<u>\$ 1,318,044</u>	<u>\$ 44</u>
Expenditures-				
Schools	\$ 349,000	\$ 1,624,300	\$ 1,623,279	\$ 1,021
Other projects and costs	5,000	86,500	87,409	(909)
	<u>\$ 354,000</u>	<u>\$ 1,710,800</u>	<u>\$ 1,710,688</u>	<u>\$ 112</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (301,400)</u>	<u>\$ (392,800)</u>	<u>\$ (392,644)</u>	<u>\$ 156</u>
Other Financing Sources (Uses)-				
Transfers to other funds	<u>(2,283,626)</u>	<u>(2,283,626)</u>	<u>(1,589,831)</u>	<u>693,795</u>
Net change in fund balance	<u>\$ (2,585,026)</u>	<u>\$ (2,676,426)</u>	<u>\$ (1,982,475)</u>	<u>\$ 693,951</u>
Fund Balance at beginning of year			<u>4,387,452</u>	
Fund Balance at end of year			<u>\$ 2,404,977</u>	

CITY OF MURFREESBORO, TENNESSEE

Community Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Revenue from federal government	\$ 1,252,910	\$ 1,252,910	\$ 796,174	\$ (456,736)
Program income	50,000	50,000	63,593	13,593
	<u>\$ 1,302,910</u>	<u>\$ 1,302,910</u>	<u>\$ 859,767</u>	<u>\$ (443,143)</u>
Expenditures-				
Administration	\$ 142,817	\$ 147,142	\$ 106,520	\$ 40,622
Housing rehabilitation	299,748	324,748	489,117	(164,369)
Housing assistance	289,872	187,592	84,070	103,522
Other	562,473	635,428	171,863	463,565
	<u>\$ 1,294,910</u>	<u>\$ 1,294,910</u>	<u>\$ 851,570</u>	<u>\$ 443,340</u>
Excess of Revenues Over (Under) Expenditures	\$ 8,000	\$ 8,000	\$ 8,197	\$ 197
Other Financing Sources (Uses)				
Transfers to other Funds	(8,000)	(8,000)	(8,000)	-0-
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 197</u>	<u>\$ 197</u>
Fund Balance at beginning of year			17,530	
Fund Balance at end of year			<u>\$ 17,727</u>	

CITY OF MURFREESBORO, TENNESSEE

Battlefield River Trail

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Federal grant revenue	\$ <u>200,000</u>	\$ <u>200,000</u>	\$ <u>137,234</u>	\$ <u>(62,766)</u>
Expenditures-				
Battlefield river trail expense	\$ <u>200,000</u>	\$ <u>200,000</u>	\$ <u>137,234</u>	\$ <u>62,766</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Fund Balance at beginning of year				
Fund Balance at end of year			\$ <u>-0-</u>	

CITY OF MURFREESBORO, TENNESSEE

1998 TML Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>9,329</u>	\$ <u>9,329</u>
Expenditures-				
Capital Outlay	\$ <u>1,475,000</u>	\$ <u>1,475,000</u>	\$ <u>1,170,406</u>	\$ <u>304,594</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>(1,475,000)</u>	\$ <u>(1,475,000)</u>	\$ <u>(1,161,077)</u>	\$ <u>313,923</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ <u>1,475,000</u>	\$ <u>1,475,000</u>	\$ <u>1,427,500</u>	\$ <u>(47,500)</u>
Net change in fund balance	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u>266,423</u>	\$ <u><u>266,423</u></u>
Fund Balance at beginning of year			<u>821,887</u>	
Fund Balance at end of year			\$ <u><u>1,088,310</u></u>	

CITY OF MURFREESBORO, TENNESSEE

1999 TML Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$	\$	\$ 5,290	\$ 5,290
Miscellaneous			70,397	70,397
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 75,687</u>	<u>\$ 75,687</u>
Expenditures-				
Capital outlay and other projects	\$ 550,000	\$ 7,985,500	\$ 7,985,202	\$ 298
Excess of Revenues Over (Under) Expenditures	\$ (550,000)	\$ (7,985,500)	\$ (7,909,515)	\$ 75,985
Other Financing Sources (Uses)-				
Issuance of debt	\$ 550,000	\$ 7,235,000	\$ 7,235,000	\$ -0-
Net change in fund balance	<u>\$ -0-</u>	<u>\$ (750,500)</u>	<u>\$ (674,515)</u>	<u>\$ 75,985</u>
Fund Balance at beginning of year			(448,393)	
Fund Balance at end of year			<u>\$ (1,122,908)</u>	

**CITY OF MURFREESBORO, TENNESSEE**

**2001 TML Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 5,000	\$ 5,000	\$ 34,045	\$ 29,045
Miscellaneous		3,367,700	4,066,120	698,420
	<u>\$ 5,000</u>	<u>\$ 3,372,700</u>	<u>\$ 4,100,165</u>	<u>\$ 727,465</u>
Expenditures-				
Capital outlay and other projects	\$ 10,005,000	\$ 13,372,700	\$ 13,372,603	\$ 97
Excess of Revenues Over (Under) Expenditures	<u>\$ (10,000,000)</u>	<u>\$ (10,000,000)</u>	<u>\$ (9,272,438)</u>	<u>\$ 727,562</u>
Other Financing Sources (Uses)-				
Issuance of debt	\$ 10,000,000	\$ 10,000,000	\$ 8,720,000	\$ (1,280,000)
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (552,438)</u>	<u>\$ (552,438)</u>
Fund Balance at beginning of year, as previously stated			\$ 1,469,412	
Prior period adjustment			200,000	
Fund Balance at the beginning of year, as restated			<u>\$ 1,669,412</u>	
Fund Balance at end of year			<u>\$ 1,116,974</u>	

CITY OF MURFREESBORO, TENNESSEE

2002 TML Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest revenue	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>57</u>	\$ <u>57</u>
Expenditures-				
Capital outlay and other projects	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u>57</u>	\$ <u><u>57</u></u>
Fund Balance at beginning of year, as previously stated			\$ (380,831)	
Prior period adjustment			<u>430,147</u>	
Fund Balance at the beginning of year, as restated			\$ <u>49,316</u>	
Fund Balance at end of year			\$ <u><u>49,373</u></u>	



CITY OF MURFREESBORO, TENNESSEE

2004 TML Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Miscellaneous	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Expenditures-				
Miscellaneous expense	\$ <u>-0-</u>	\$ <u>303,450</u>	\$ <u>303,429</u>	\$ <u>21</u>
Excess of Revenues Over (Under) Expenditures	\$ <u><u>-0-</u></u>	\$ <u><u>(303,450)</u></u>	\$ <u><u>(303,429)</u></u>	\$ <u><u>(21)</u></u>
Fund Balance at beginning of year, as previously stated			\$ <u>-0-</u>	
Prior period adjustment			<u>(430,147)</u>	
Fund Balance at the beginning of year, as restated			\$ <u><u>(430,147)</u></u>	
Fund Balance at end of year			\$ <u><u>(733,576)</u></u>	

### **MAJOR CAPITAL PROJECTS FUND**

The City has one capital project fund which it considers to be a major fund.

***Gateway Project Fund*** accounts for the City's development of land to be used in future projects.

**CITY OF MURFREESBORO, TENNESSEE**

**Gateway Project**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues-				
Interest income	\$ 850	\$ 850	\$ 2,061	\$ 1,211
Miscellaneous			82,703	82,703
	<u>\$ 850</u>	<u>\$ 850</u>	<u>\$ 84,764</u>	<u>\$ 83,914</u>
Expenditures-				
Capital outlay and other projects	\$ 4,200,000	\$ 6,029,200	\$ 6,029,134	\$ 66
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,199,150)</u>	<u>\$ (6,028,350)</u>	<u>\$ (5,944,370)</u>	<u>\$ 83,980</u>
Other Financing Source (Use)-				
Proceeds from sale of land	\$ 3,334,943	\$ 3,334,943	\$ 1,104,250	\$ (2,230,693)
Transfer to other fund	(1,728,973)	(1,728,973)	(626,483)	1,102,490
	<u>\$ 1,605,970</u>	<u>\$ 1,605,970</u>	<u>\$ 477,767</u>	<u>\$ (1,128,203)</u>
Net change in fund balance	<u>\$ (2,593,180)</u>	<u>\$ (4,422,380)</u>	<u>\$ (5,466,603)</u>	<u>\$ (1,044,223)</u>
Fund Balance at beginning of year			(3,023,640)	
Fund Balance at end of year			<u>\$ (8,490,243)</u>	

## **DEBT SERVICE FUND**

Debt Service Fund accounts for the accumulation of resources for, and payment of, general long-term obligations.

**CITY OF MURFREESBORO, TENNESSEE**

**Debt Service Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**

**Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues -				
Revenue from others	\$ 30,000	\$ 30,000	\$ 36,053	\$ 6,053
Interest earned			39,530	39,530
	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 75,583</u>	<u>\$ 45,583</u>
Expenditures -				
Principal retirement	\$ 15,486,338	\$ 18,886,338	\$ 20,167,365	\$ (1,281,027)
Interest	2,921,825	2,921,825	1,607,220	1,314,605
Bond issuance cost and fiscal agent fees	130,000	130,000	163,453	(33,453)
	<u>\$ 18,538,163</u>	<u>\$ 21,938,163</u>	<u>\$ 21,938,038</u>	<u>\$ 125</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (18,508,163)</u>	<u>\$ (21,908,163)</u>	<u>\$ (21,862,455)</u>	<u>\$ 45,708</u>
Other Financing Sources -				
Refunding bonds issued		\$ 3,400,000	\$ 6,322,600	\$ 2,922,600
Transfers in	<u>\$ 16,508,163</u>	<u>16,508,163</u>	<u>14,977,723</u>	<u>(1,530,440)</u>
	<u>\$ 16,508,163</u>	<u>\$ 19,908,163</u>	<u>\$ 21,300,323</u>	<u>\$ 1,392,160</u>
Net change in fund balance	<u>\$ (2,000,000)</u>	<u>\$ (2,000,000)</u>	<u>\$ (562,132)</u>	<u>\$ 1,437,868</u>
Fund Balance at beginning of year			3,101,068	
Fund Balance at end of year			<u>\$ 2,538,936</u>	

### **NONMAJOR ENTERPRISE FUNDS**

Enterprise Funds are used to account for the operation of self-sustaining agencies rendering services to the general public on a user-charge basis. Activities necessary to provide these services are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

***Industrial Building Funds*** account for land and buildings owned by the City, which were formerly leased to Foremost Dairies, Inc. and Alton Box Board Company. These funds are generally inactive.

***Evergreen Cemetery Fund*** accounts for the operation and maintenance of the Evergreen Cemetery. Revenues are derived primarily from sales of lots, charges for services, and investment earnings.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**  
**Nonmajor Enterprise Funds**

**June 30, 2004**

	Foremost Dairies, Inc. Plant	Alton Box Board Co. Plant	Evergreen Cemetery	Totals
<b><u>ASSETS</u></b>				
Current Assets -				
Cash and cash equivalents			\$ 172,866	\$ 172,866
Accounts receivable			41,233	41,233
Due from other funds	\$ 21,910	\$ 10,502		32,412
Inventories			42,882	42,882
Prepaid items			4,352	4,352
Total Current Assets	\$ 21,910	\$ 10,502	\$ 261,333	\$ 293,745
Noncurrent Assets -				
Land	\$ 12,492	\$ 11,000	\$ 935	\$ 24,427
Other capital assets, net of depreciation			147,926	147,926
Total Noncurrent Assets	\$ 12,492	\$ 11,000	\$ 148,861	\$ 172,353
Total Assets	\$ 34,402	\$ 21,502	\$ 410,194	\$ 466,098
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities -				
Accrued and withheld liabilities			\$ 2,937	\$ 2,937
Total Current Liabilities			\$ 2,937	\$ 2,937
Net Assets -				
Invested in capital assets			\$ 148,861	\$ 148,861
Unrestricted	\$ 34,402	\$ 21,502	258,396	314,300
Total Net Assets	\$ 34,402	\$ 21,502	\$ 407,257	\$ 463,161
Total Liabilities and Net Assets	\$ 34,402	\$ 21,502	\$ 410,194	\$ 466,098

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenue, Expenses, and Changes in Net Assets**  
**Nonmajor Enterprise Funds**

**Year Ended June 30, 2004**

	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Operating Revenues -				
Charges for services			\$ 332,604	\$ 332,604
Operating Expenses -				
Operating expenses			\$ 323,536	\$ 323,536
Depreciation and amortization expense			20,836	20,836
			\$ 344,372	\$ 344,372
Operating Income (Loss)			\$ (11,768)	\$ (11,768)
Nonoperating Revenues -				
Interest			1,157	1,157
Income (Loss) Before Transfers			\$ (10,611)	\$ (10,611)
Transfers in			49,324	49,324
Change in Net Assets			\$ 38,713	\$ 38,713
Net Assets at beginning of year	\$ 34,402	\$ 21,502	368,544	424,448
Net Assets at end of year	\$ 34,402	\$ 21,502	\$ 407,257	\$ 463,161



**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**

**Year Ended June 30, 2004**

	<u>Foremost Dairies, Inc. Plant</u>	<u>Alton Box Board Co. Plant</u>	<u>Evergreen Cemetery</u>	<u>Totals</u>
Cash Flows from Operating Activities -				
Cash received from customers			\$ 354,839	\$ 354,839
Cash payments to suppliers			(127,297)	(127,297)
Cash payments to employees			(196,541)	(196,541)
Net Cash Provided by Operating Activities			\$ 31,001	\$ 31,001
Cash Flows from Noncapital Financing Activities -				
Transfers in			\$ 49,324	\$ 49,324
Net Cash Provided by Noncapital Financing Activities			\$ 49,324	\$ 49,324
Cash Flows From Capital and Related Financing Activities -				
Acquisition and construction of fixed assets			\$ (42,949)	\$ (42,949)
Net Cash Used by Capital and Related Financing Activities			\$ (42,949)	\$ (42,949)
Cash Flows From Investing Activities -				
Interest received			\$ 1,157	\$ 1,157
Net Cash Provided by Investing Activities			\$ 1,157	\$ 1,157
Net Increase in Cash and Cash Equivalents	\$ -0-	\$ -0-	\$ 38,533	\$ 38,533
Cash and Cash Equivalents at beginning of year	-0-	-0-	134,333	134,333
Cash and Cash Equivalents at end of year	\$ -0-	\$ -0-	\$ 172,866	\$ 172,866
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating loss			\$ (11,768)	\$ (11,768)
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation			20,836	20,836
Changes in assets and liabilities -				
Accounts receivable			21,631	21,631
Inventory			(1,349)	(1,349)
Prepaid expenses			(191)	(191)
Accounts payable			1,888	1,888
Accrued and withheld liabilities			(46)	(46)
Net Cash Provided by Operating Activities			\$ 31,001	\$ 31,001

### **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to provide goods and services to other governmental operating units such as departments or agencies on a cost reimbursement basis.

***Insurance Fund*** accounts for revenues and costs associated with the City's self-funded group health insurance plan. Revenues are derived from premiums collected from the various City departments. Costs include medical claims and administrative expenses.

***Risk Management Fund*** accounts for revenues and costs associated with the City's self-funded liability and worker's compensation insurance programs.

***Fleet Services Fund*** accounts for fleet and equipment management to other departments or agencies of the City on a cost reimbursement basis.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Balance Sheet**  
**Internal Service Funds**

**June 30, 2004**

	<u>Insurance</u>	<u>Risk Mangement</u>	<u>Fleet Services</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Current Assets -				
Cash and cash equivalents	\$ 1,444,685	\$ 3,319,343		\$ 4,764,028
Accrued interest receivable		2,568		2,568
Due from other funds	8,628	2,500,000	\$ 16,094	2,524,722
Due from other governments		18,750		18,750
Due from others	16,763	360		17,123
Prepaid items	2,587			2,587
Inventory			97,228	97,228
Total current assets	\$ 1,472,663	\$ 5,841,021	\$ 113,322	\$ 7,427,006
Total Assets	\$ 1,472,663	\$ 5,841,021	\$ 113,322	\$ 7,427,006
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities -				
Accounts payable	\$ 351,243	\$ 124,896		\$ 476,139
Due to other funds		6,431		6,431
Claims and judgments payable		1,195,443		1,195,443
Total Current Liabilities	\$ 351,243	\$ 1,326,770		\$ 1,678,013
Noncurrent Liabilities -				
Claims and judgments payable		\$ 1,584,657		\$ 1,584,657
Total Liabilities	\$ 351,243	\$ 2,911,427		\$ 3,262,670
Net Assets -				
Unrestricted	\$ 1,121,420	\$ 2,929,594	\$ 113,322	\$ 4,164,336
Total Net Assets	\$ 1,121,420	\$ 2,929,594	\$ 113,322	\$ 4,164,336
Total Liabilities and Net Assets	\$ 1,472,663	\$ 5,841,021	\$ 113,322	\$ 7,427,006

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**

**Year Ended June 30, 2004**

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
Operating Revenues -				
Premiums from City departments	\$ 4,847,627	\$ 2,278,741		\$ 7,126,368
Premiums from others	1,032,088			1,032,088
Revenue from federal government		75,000		75,000
Charges for services			\$ 1,240,985	1,240,985
Miscellaneous	10,818	275	2,031	13,124
	<u>\$ 5,890,533</u>	<u>\$ 2,354,016</u>	<u>\$ 1,243,016</u>	<u>\$ 9,487,565</u>
Operating Expenses -				
Claims and administrative expense	\$ 5,493,883	\$ 2,440,283		\$ 7,934,166
Labor expense		138,046	\$ 443,350	581,396
Parts and lubricants			534,934	534,934
Operation and maintenance			22,886	22,886
Supplies			19,879	19,879
Insurance			23,000	23,000
Social Security			33,067	33,067
Group insurance			56,466	56,466
Retirement			41,244	41,244
Utilities			18,407	18,407
Travel			4,800	4,800
Training personnel			740	740
Miscellaneous		244,314	2,894	247,208
Capital outlay			27,250	27,250
	<u>\$ 5,493,883</u>	<u>\$ 2,822,643</u>	<u>\$ 1,228,917</u>	<u>\$ 9,545,443</u>
Operating Income (Loss)	\$ 396,650	\$ (468,627)	\$ 14,099	\$ (57,878)
Nonoperating Revenue -				
Interest earned	7,415	38,171	-0-	45,586
Net Income	\$ 404,065	\$ (430,456)	\$ 14,099	\$ (12,292)
Net Assets at beginning of year	717,355	3,360,050	99,223	4,176,628
Net Assets at end of year	<u>\$ 1,121,420</u>	<u>\$ 2,929,594</u>	<u>\$ 113,322</u>	<u>\$ 4,164,336</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Cash Flows  
Internal Service Funds**

**Year Ended June 30, 2004**

	<u>Insurance</u>	<u>Risk Management</u>	<u>Fleet Services</u>	<u>Totals</u>
<b>Cash Flows From Operating Activities-</b>				
Cash received from interfund services provided	\$ 6,245,624	\$ 2,278,741	\$ 1,234,514	\$ 9,758,879
Cash payments to suppliers			(791,195)	(791,195)
Cash payments to employees		(138,046)	(445,350)	(583,396)
Cash payments of claims and administrative expenses	(5,378,736)	(1,794,156)		(7,172,892)
Other receipts	10,818	56,525	2,031	69,374
Other payments		(239,403)		(239,403)
Net Cash Provided (Used) by Operating Activities	\$ <u>877,706</u>	\$ <u>163,661</u>	\$ <u>-0-</u>	\$ <u>1,041,367</u>
<b>Cash Flows From Investing Activities-</b>				
Interest received	\$ <u>7,415</u>	\$ <u>39,704</u>		\$ <u>47,119</u>
Net Cash Provided by Investing Activities	\$ <u>7,415</u>	\$ <u>39,704</u>		\$ <u>47,119</u>
<b>Net Increase in Cash and Cash Equivalents</b>	\$ 885,121	\$ 203,365	\$ -0-	\$ 1,088,486
Cash and Cash Equivalents at beginning of year	559,564	3,115,978		3,675,542
Cash and Cash Equivalents at end of year	\$ <u>1,444,685</u>	\$ <u>3,319,343</u>	\$ <u>-0-</u>	\$ <u>4,764,028</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 396,650	\$ (468,627)	\$ 14,099	\$ (57,878)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Changes in assets and liabilities -				
Due from other funds	365,909		(6,471)	359,438
Due from other governments		(18,750)		(18,750)
Due from others	(8,773)			(8,773)
Prepaid items	49,909			49,909
Inventory			(7,628)	(7,628)
Accounts payable	74,011	646,127		720,138
Due to other funds		4,911		4,911
Net Cash Provided (Used) by Operating Activities	\$ <u>877,706</u>	\$ <u>163,661</u>	\$ <u>-0-</u>	\$ <u>1,041,367</u>

### **PENSION TRUST FUNDS**

Pension Trust Funds account for assets held in trust on behalf of City employees. The funds are accounted for in the same manner as proprietary funds.

***Employees' Pension Trust Fund*** accounts for revenues and expenses associated with the City's defined benefit employee pension plan. Revenues are derived primarily from contributions made by the City, employees, and earnings on investments.

***Electric Department Employee Pension Fund*** accounts for revenues and expenses associated with the administration of the pension plan on behalf of the employees of the Murfreesboro Electric Department. Revenues are derived primarily from contributions made by the employer, employees, and investment earnings.

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Net Assets**  
**Pension Trust Funds**

**June 30, 2004**

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	Employees'	Electric	
	Pension	Department	Totals
		Pension	
<hr/>			
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,379,002	\$ 642,454	\$ 3,021,456
Investments, at fair value	49,948,514	8,150,887	58,099,401
Accrued interest receivable		65,117	65,117
Contributions receivable	224,260	485,027	709,287
	<u>\$ 52,551,776</u>	<u>\$ 9,343,485</u>	<u>\$ 61,895,261</u>
 <u>NET ASSETS</u>			
Net Assets -			
Held in trust for pension benefits	<u>\$ 52,551,776</u>	<u>\$ 9,343,485</u>	<u>\$ 61,895,261</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**

**Year Ended June 30, 2004**

	<u>Employees'</u> <u>Pension</u>	<u>Electric</u> <u>Department</u> <u>Pension</u>	<u>Totals</u>
Additions -			
Contributions -			
Employer	\$ 2,718,744	\$ 485,027	\$ 3,203,771
Investment income-			
Net appreciation in fair value of investments	\$ 3,163,032	\$ 391,600	\$ 3,554,632
Interest	1,161,594	214,716	1,376,310
Dividends	395,276	88,562	483,838
Total investment income	\$ 4,719,902	\$ 694,878	\$ 5,414,780
Less investment fees		(27,030)	(27,030)
Net investment income	\$ 4,719,902	\$ 667,848	\$ 5,387,750
Total additions	\$ 7,438,646	\$ 1,152,875	\$ 8,591,521
Deductions -			
Benefits to participants	\$ 1,408,677	\$ 358,638	\$ 1,767,315
Insurance premiums	371,125		371,125
Total deductions	\$ 1,779,802	\$ 358,638	\$ 2,138,440
Net Increase (Decrease)	\$ 5,658,844	\$ 794,237	\$ 6,453,081
Net Assets Held in Trust for Pension Benefits -			
Beginning of year	46,892,932	8,549,258	55,442,190
End of year	\$ 52,551,776	\$ 9,343,495	\$ 61,895,271



### **FINANCIAL SCHEDULES**

Financial Schedules are presented to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements, and present other information deemed useful.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Certificates of Deposit by Fund**

**June 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Enterprise Funds -			
Murfreesboro Water and Sewer Department -			
US Bank	1.74 %	08-03-04	\$ <u>500,002</u>
Murfreesboro Electric Department -			
First Tennessee Bank	2.33 %	06-29-05	\$ <u>1,381,000</u>
Evergreen Cemetery Commission -			
Cavalry Banking	1.25 %	07-09-04	\$ 6,362
Cavalry Banking	1.10	09-29-04	16,476
Cavalry Banking	1.00	10-04-04	17,049
			\$ <u>39,887</u>
Internal Service Funds -			
Risk Management Fund -			
US Bank, Murfreesboro	1.61 %	02-14-06	\$ <u>422,222</u>
Total Certificates of Deposit			\$ <u>2,343,111</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund**

**June 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund -			
United States Treasury Notes	6.000 %	08-15-09	\$ 247,219
United States Treasury Notes	6.000	08-15-09	247,219
United States Treasury Bonds	6.000	02-15-26	377,125
Federal Home Loan Bank	6.000	09-15-05	26,086
Federal Home Loan Bank	4.100	08-23-05	234,671
Federal Home Loan Bank	4.000	04-15-04	498,125
Federal Home Loan Bank	4.150	11-17-08	250,000
Federal Home Loan Bank	5.000	11-24-10	499,845
Federal Home Loan Bank	3.100	08-25-06	199,812
Federal Home Loan Bank	3.070	06-14-06	200,062
Federal Home Loan Bank	4.050	03-18-08	301,875
Government National Mortgage Association	7.000	09-15-11	41,490
Government National Mortgage Association II	6.500	04-20-29	51,727
Government National Mortgage Association	7.000	09-15-11	41,490
Government National Mortgage Association	6.500	03-15-29	32,757
Government National Mortgage Association	6.500	01-15-29	33,279
American General Finance	5.875	12-15-05	261,380
Anheuser Busch Companies Incorporated Debenture Notes	7.125	07-01-17	413,903
Bank of America Corporation	3.875	01-15-08	219,646
Bank of America	5.250	12-01-15	144,620
Bank of New York Incorporated Sr Corenot Notes	4.600	01-15-14	208,714
Banc One Texas Sub Notes	6.250	02-15-08	241,301
Bank One Corporation	6.500	02-01-06	105,531
BankBoston NA	6.375	03-25-08	161,747
Boeing Cap Corporation International Notes	4.350	10-15-06	150,842
CIT Group Incorporated	3.700	03-15-06	100,671
CIT Group Incorporated Internotes Boo	2.300	08-15-05	248,353
Citicorp Notes	6.375	11-15-08	161,729
Countrywide Home Ln Inc. Medium Term Notes	6.840	10-22-04	253,615
Daimlerchrysler NA Holding Notes	5.700	01-15-07	151,767
Ford Motor Credit Company Notes	6.250	12-08-05	258,295
Ford Motor Credit Company Notes	6.125	01-09-06	103,449
Ford Motor Credit Company Notes	7.600	08-01-05	104,686
GTE South	6.125	06-15-07	106,657
Goldman Sachs	6.650	05-01-09	217,752
Hewlett-Packard Company Note	7.150	06-15-05	208,570
Household Finance Corporation	5.750	01-30-07	105,050
Household Financial Corporation International	5.250	09-15-05	76,478
Household Financial Corporation International	7.625	11-15-05	105,330
International Lease Finance Corporation	3.000	11-15-05	150,134
International Lease Finance Corporation	4.100	10-15-09	243,248
Merrill Lynch & Company	6.375	10-15-08	215,482
Merrill Lynch Global Notes	6.000	11-15-04	76,109
Merrill Lynch & Company	4.750	11-20-09	252,468

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
Merrill Lynch & Company	4.200 %	12-22-10	\$ 145,001
JP Morgan	6.000	01-15-09	212,164
Morgan Stanley DW	6.100	04-15-06	157,814
Nationsbank Corporation	7.750	08-15-05	289,800
Nations Bank	6.375	02-15-08	107,755
Northern States Power	6.875	08-01-09	248,929
Salomon Smith Barney	6.250	01-15-05	76,715
Salomon Smith Barney	6.500	02-15-08	162,797
Sara Lee Corporation	6.150	06-19-08	266,688
Suntrust Banks	6.250	06-01-08	432,364
Target Corporation	7.500	02-15-05	206,136
United Technologies Corporation	7.000	09-15-06	269,090
Verizon Virginia Incorporated	4.625	03-15-13	250,778
Wachovia Corporation	6.375	02-01-09	161,301
Wachovia Corporation	6.250	08-04-08	42,702
Wachovia Corporation	6.150	03-15-09	101,514
Wachovia Corporation	7.450	07-15-05	78,613
Anheuser Busch Company Incorporated Debenture	7.125	07-01-17	413,903
Archer Daniels Midland Company Notes	6.625	05-01-29	265,648
Atlantic Richfield Company Notes	5.900	04-15-09	322,104
Banc One Texas Subordinate Notes	6.250	02-15-08	241,301
Bankers Trust NY Corporation Subordinate Notes	7.375	05-01-08	83,677
Bell Atlantic Financial Services Medium Term Notes Series A	7.600	03-15-07	110,191
Bestfoods Medium Term Note	6.625	04-15-28	315,711
Caterpillar Incorporated Note	7.250	09-15-09	84,850
ChevronTexaco Capital GTD Note	3.500	9-17-07	474,454
Countrywide Home Loan Incorporated Medium Term Notes	6.840	10-22-04	253,615
Daimlerchrysler NA Holding Notes	7.400	01-20-05	154,061
FPL Group Capital Incorporated Notes	7.625	09-15-06	136,281
First Union National Bank NC Series Bank Notes	6.180	02-15-36	264,053
GTE Corporation Debentures	7.900	02-01-27	268,518
General Dynamics Corporation Global Note	4.500	08-15-10	298,584
General Electric Capital Corporation Global MNT Series A	2.750	09-25-06	296,997
General Electric Cap Corporation Note	7.250	02-01-05	128,595
General Electric Cap Corporation Medium Term Note	6.125	02-22-11	321,282
Hewlett-Packard Company Notes	7.150	06-15-05	312,855
International Business Machines Corporation Debenture	7.000	10-30-25	278,208
Kimberly-Clark Corporation Notes	7.100	08-01-07	132,824
Lilly Eli & Company Notes	7.125	06-01-25	286,110
Mellon Bank NA Subordinate Bank Notes	7.625	09-15-07	139,594
Morgan J P & Company Incorporated Subordinated Notes	6.700	11-01-07	327,255
Nations Bank Corporation Subordinated Notes	7.750	08-15-15	289,800
Sara Lee Corporation Notes	6.150	06-19-08	266,688
Target Corporation Bonds	7.500	02-15-05	206,136
United Technologies Corporation Notes	7.000	09-15-06	269,090

**CITY OF MURFREESBORO, TENNESSEE****Schedule of Investments by Fund (continued)****June 30, 2004**

	Interest Rate	Maturity Date	Fair Value
Employees' Pension Trust Fund (continued) -			
Wachovia Corporation New Subordinated Notes	6.605 %	10-01-25	\$ 344,321
Wal-Mart Stores Inc Notes	3.375	10-01-08	291,588
Washington Gas LT Company Medium Term Notes	6.850	03-09-28	269,253
Wells Fargo Bank NA Subordinated Notes	6.450	02-01-11	327,087
Bed Bath & Beyond Incorporated Common Stock	N/A	N/A	133,614
Cox Communications Class A Common Stock	N/A	N/A	67,252
Walt Disney Company Common Stock	N/A	N/A	151,920
Home Depot Incorporated Common Stock	N/A	N/A	96,096
Kohls Corporation Common Stock	N/A	N/A	87,097
Lowe's Companies Incorporated Common Stock	N/A	N/A	95,378
Marriott International Incorporated Class A Common Stock	N/A	N/A	96,268
Staples Incorporated Common Stock	N/A	N/A	100,582
Target Corporation Common Stock	N/A	N/A	151,193
Tiffany & Company Common Stock	N/A	N/A	87,703
Time Warner Incorporated Common Stock	N/A	N/A	144,683
Wendys International Incorporated Common Stock	N/A	N/A	72,119
Avon Products Incorporated Common Stock	N/A	N/A	209,476
Gillette Company Common Stock	N/A	N/A	119,144
Kimberly-Clark Corporation Common Stock	N/A	N/A	139,007
Procter & Gamble Company Common Stock	N/A	N/A	173,664
Wal-Mart Stores Incorporated Common Stock	N/A	N/A	104,992
Walgreen Company Common Stock	N/A	N/A	79,300
Anadarko Petroleum Corporation Common Stock	N/A	N/A	137,710
Exxon Mobil Corporation Common Stock	N/A	N/A	183,857
XL Capital LTD Class A Common Stock	N/A	N/A	121,491
AFLAC Incorporated Common Stock	N/A	N/A	79,579
American Express Company Common Stock	N/A	N/A	179,059
American International Group Incorporated	N/A	N/A	162,518
Bank New York Incorporated Common Stock	N/A	N/A	77,827
Chubb Corporation Common Stock	N/A	N/A	112,497
Citigroup Incorporated Common Stock	N/A	N/A	176,467
Goldman Sachs Group Incorporated Common Stock	N/A	N/A	145,006
MGIC Investment Corporation WIS Common Stock	N/A	N/A	121,376
State Street Corporation Common Stock	N/A	N/A	161,096
Wells Fargo & Company New Common Stock	N/A	N/A	134,490
Zions Bancorp Common Stock	N/A	N/A	92,175
Biomet Incorporated Common Stock	N/A	N/A	200,202
Boston Scientific Corporation Common Stock	N/A	N/A	184,896
Johnson & Johnson Common Stock	N/A	N/A	199,127
Pfizer Incorporated Common Stock	N/A	N/A	183,741
St Jude Medical Incorporated Common Stock	N/A	N/A	134,657
American Power Conversion Corporation Common Stock	N/A	N/A	70,642
Danaher Corporation Common Stock	N/A	N/A	82,701
Deere & Company Common Stock	N/A	N/A	167,985

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
Dover Corporation Common Stock	N/A	N/A	\$ 64,834
Emerson Electric Company Common Stock	N/A	N/A	95,643
General Dynamics Corporation Common Stock	N/A	N/A	119,160
General Electric Company Common Stock	N/A	N/A	110,322
Illinois Tool Wks Incorporated Common Stock	N/A	N/A	80,548
L-3 Communication Holdings Incorporated Common Stock	N/A	N/A	79,492
Northrop Grumman Corporation Common Stock	N/A	N/A	97,197
Parker Hannifin Corporation Common Stock	N/A	N/A	180,461
Southwest Airlines Company Common Stock	N/A	N/A	114,707
3M Company Common Stock	N/A	N/A	115,213
United Parcel Service Incorporated Class B Common Stock	N/A	N/A	146,957
AMDOCS Limited Common Stock	N/A	N/A	86,339
Agilent Technologies Incorporated Common Stock	N/A	N/A	104,822
Applied Materials Incorporated Common Stock	N/A	N/A	113,796
CDW Corporation Common Stock	N/A	N/A	88,626
Cisco Systems Incorporated Common Stock	N/A	N/A	105,583
Dell Incorporated Common Stock	N/A	N/A	81,311
EMC Corporation Mass Common Stock	N/A	N/A	129,789
Intel Corporation Common Stock	N/A	N/A	163,116
KLA Tencor Corporation Common Stock	N/A	N/A	119,993
Lexmark International Incorporated New Class A Common Stock	N/A	N/A	113,905
Microsoft Corporation Common Stock	N/A	N/A	172,074
Microchip Technology Incorporated Common Stock	N/A	N/A	89,731
Oracle Corporation Common Stock	N/A	N/A	95,142
Peoplesoft Incorporated Common Stock	N/A	N/A	76,590
Tellabs Incorporated Common Stock	N/A	N/A	80,670
Veritas Software Corporation Common Stock	N/A	N/A	121,720
AGL Res Incorporated Common Stock	N/A	N/A	363,125
Abbott Labs Common Stock	N/A	N/A	203,800
American Express Company Common Stock	N/A	N/A	282,590
American International Group Incorporated Common Stock	N/A	N/A	354,618
Amgen Incorporated Common Stock	N/A	N/A	272,850
Amsouth Bancorporation Common Stock	N/A	N/A	347,665
Aon Corporation Common Stock	N/A	N/A	355,875
Applied Materials Incorporated Common Stock	N/A	N/A	155,979
Automatic Data Processing Incorporated Common Stock	N/A	N/A	288,972
Bank of America Corporation New Common Stock	N/A	N/A	389,252
Biomet Incorporated Common Stock	N/A	N/A	344,410
Burlington Res Common Stock	N/A	N/A	289,440
CVS Corporation Common Stock	N/A	N/A	252,120
Cardinal Health Incorporated Common Stock	N/A	N/A	246,926
Chevrontexaco Corporation Common Stock	N/A	N/A	258,802
Colgate Palmolive Company Common Stock	N/A	N/A	166,582
Conagra Foods Incorporated Common Stock	N/A	N/A	311,420

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Employees' Pension Trust Fund (continued) -			
Conocophillips Common Stock	N/A	N/A	\$ 321,104
Du Pont E I De Nemours & Company Common Stock	N/A	N/A	117,713
Duke Energy Corporation Common Stock	N/A	N/A	253,625
Exxon Mobil Corporation Common Stock	N/A	N/A	310,870
General Electric Company Common Stock	N/A	N/A	405,000
Goodrich Corporation Common Stock	N/A	N/A	323,300
Home Depot Incorporated Common Stock	N/A	N/A	352,000
Honeywell International Incorporated Common Stock	N/A	N/A	549,450
Intel Corporation Common Stock	N/A	N/A	248,400
International Business Machines Common Stock	N/A	N/A	396,675
Ishares Trust Russell 1000 Value Common Stock	N/A	N/A	561,561
Ishares Trust S&P Midcap Value Common Stock	N/A	N/A	603,715
Jefferson Pilot Corporation Common Stock	N/A	N/A	381,000
Johnson & Johnson Common Stock	N/A	N/A	292,425
Kerr McGee Corporation Common Stock	N/A	N/A	268,850
L3 Communications Holdings Common Stock	N/A	N/A	217,100
Eli Lilly & Company Common Stock	N/A	N/A	209,730
Lowes Companies Incorporated Common Stock	N/A	N/A	262,750
Marsh & McLennan Companies Incorporated Common Stock	N/A	N/A	169,040
Medtronic Incorporated Common Stock	N/A	N/A	219,240
Microsoft Corporation Common Stock	N/A	N/A	228,480
S & P 400 Mid-Cap SPDR Trust	N/A	N/A	416,625
Pepsico Incorporated Common Stock	N/A	N/A	339,444
Pfizer Incorporated Common Stock	N/A	N/A	342,800
Plum Creek Timber Company Incorporated Common Stock	N/A	N/A	276,930
Proctor & Gamble Company Common Stock	N/A	N/A	326,640
Quest Diagnostics Incorporated Common Stock	N/A	N/A	169,900
Sungard Data Systems Incorporated Common Stock	N/A	N/A	338,000
Sysco Corporation Common Stock	N/A	N/A	215,220
Target Corporation Common Stock	N/A	N/A	157,139
3M Company Common Stock	N/A	N/A	324,036
United Technologies Incorporated Cp Common Stock	N/A	N/A	320,180
Verizon Communications Incorporated Common Stock	N/A	N/A	217,140
Vulcan Materials Company	N/A	N/A	250,826
Wal Mart Stores Incorporated Common Stock	N/A	N/A	211,040
Washington Mutual Incorporated Common Stock	N/A	N/A	115,920
Wells Fargo and Company New Common Stock	N/A	N/A	286,150
Spdr Trust Unit Series 1 Mutual Fund	N/A	N/A	143,163
Suntrust Retirement Fixed Income Fund	N/A	N/A	503,459
STI Classic Fund - Growth and Income Fund	N/A	N/A	2,750,227
STI Classic Fund - Small Cap Growth Trust Shares	N/A	N/A	1,554,959
STI Classic Fund - Small Cap Val Equity	N/A	N/A	598,874
STI Classic Fund - International Equity Index Fund Trust Shares	N/A	N/A	631,956
			<u>\$ 49,948,514</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2004**

	<u>Interest</u> <u>Rate</u>		<u>Maturity</u> <u>Date</u>	<u>Fair</u> <u>Value</u>
Electric Department Employee Pension Fund -				
Federal Home Loan Bank	7.125	%	02-15-2005	\$ 148,898
Federal Home Loan Bank	4.000		04-15-2004	249,687
Federal Home Loan Bank	5.000		11-24-2010	150,470
Federal Home Loan Banks Debenture	4.010		04-07-2010	134,488
Federal Home Loan Banks Debenture	3.100		08-25-2006	200,126
Federal Home Loan Banks Debenture	4.050		03-18-2008	201,562
Federal National Mortgage Association	6.400		09-27-2005	156,767
Federal Home Loan Mortgage Corporation	5.000		12-31-2012	49,022
American General Finance	5.875		12-15-2005	260,883
Bank One Corporation	6.500		02-01-2006	105,360
Boeing Capital Corporation Internotes Mtnf.	4.350		10-15-2006	151,172
CIT Group Incorp. Internotes Boo Mtnf.	4.100		05-15-2008	99,878
Ford Motor Credit	6.125		01-09-2006	103,753
Ford Motor Credit Company	7.600		08-01-2005	52,240
Household Financial Corporation International	5.250		09-15-2005	50,953
Household Financial Corporation International Note	7.625		11-15-2005	105,099
International Lease Finance Corporation	3.000		11-15-2005	115,148
International Lease Finance Corporation Mtnf.	4.100		10-15-2009	98,102
International Lease Finance Corporation Mtnf.	4.400		05-15-2009	100,236
Merrill Lynch & Company	6.375		10-15-2008	108,253
Merrill Lynch Global Notes	6.000		11-15-2004	151,745
Merrill Lynch Corporate Notes	6.000		02-17-2009	106,886
Merrill Lynch & Company Inc. Merri Mtnf.	4.200		12-22-2010	48,796
Morgan Stanley DW	6.100		04-15-2006	105,217
Nations Bank	6.375		02-15-2008	54,087
Ohio Edison 1st Mortgage Insured	6.875		04-01-2005	154,540
Sears Roebuck Acceptance	6.270		10-18-2004	50,492
Suntrust Bank	6.250		06-01-2008	271,980
Wachovia Corporation	7.450		07-15-2005	52,256
AGL Res Incorporated Common Stock	N/A		N/A	192,075
Abott Labs Common Stock	N/A		N/A	108,213
American International Group Incorporated	N/A		N/A	149,001
Amsouth Bancorporation Common Stock	N/A		N/A	122,650
Aon Corporation Common Stock	N/A		N/A	79,320
Applied Materials Incorporated	N/A		N/A	50,910
Automatic Data Processing Incorporated	N/A		N/A	83,960
Bank of America Corporation New	N/A		N/A	106,263
Biomet Incorporated	N/A		N/A	142,968
Burlington Res	N/A		N/A	152,680
CVS Corporation	N/A		N/A	71,179
Chevrontexaco Corporation Common Stock	N/A		N/A	95,650
Conagra Foods, Inc. Common Stock	N/A		N/A	91,000
Conocophillips	N/A		N/A	148,718
Duke Energy Corporation Common Stock	N/A		N/A	86,000
General Electric Company Common Stock	N/A		N/A	174,563
Goodrich Corporation Common Stock	N/A		N/A	145,485
Home Depot Incorporated	N/A		N/A	143,310
Honeywell International Incorporated Common Stock	N/A		N/A	56,415
Intel Corporation Common Stock	N/A		N/A	91,425
International Business Machine	N/A		N/A	65,303



**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Investments by Fund (continued)**

**June 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Value</u>
<b>Electric Department Employee Pension Fund (continued) -</b>			
Ishares Trust Russell 1000 Value	N/A	N/A	\$ 269,222
Ishares Trust S & P Midcap Value	N/A	N/A	289,498
Jefferson Pilot Corporation Common Stock	N/A	N/A	144,540
Johnson & Johnson Common Stock	N/A	N/A	69,088
Kerr McGee Corporation Common Stock	N/A	N/A	91,875
L3 Communications Holdings	N/A	N/A	61,150
Eli Lilly & Company Common Stock	N/A	N/A	95,580
Medtronic Incorporated Common Stock	N/A	N/A	49,670
Pepsico Incorporated Common Stock	N/A	N/A	50,000
Pfizer Incorporated Common Stock	N/A	N/A	95,880
Plum Creek Timber Company Incorporated Common Stock	N/A	N/A	125,520
Procter & Gamble Company Common Stock	N/A	N/A	104,300
Sungard Data Systems Incorporated	N/A	N/A	116,550
Sysco Corporation Common Stock	N/A	N/A	103,350
3M Company	N/A	N/A	164,720
Verizon Communications Incorporated	N/A	N/A	48,175
Wal Mart Stores Incorporated Common Stock	N/A	N/A	127,224
Washington Mutual Incorporated Common Stock	N/A	N/A	77,600
Wells Fargo and Company New	N/A	N/A	71,762
Federated Prime Obligation Fund #10	N/A	N/A	642,454
			<u>\$ 8,793,342</u>
<b>Evergreen Cemetery Commission -</b>			
Federal Home Loan Bank	3.000 %	09-12-07	\$ 49,078
Federal Home Loan Bank	4.000	04-15-04	99,625
Federal Home Loan Bank	4.150	11-17-08	100,000
Federal Home Loan Bank	5.000	11-24-10	74,977
Federal Home Loan Bank	4.010	04-07-10	47,703
Federal Home Loan Bank	2.400	12-29-06	48,937
Federal Home Loan Bank	3.100	08-25-06	149,859
Federal Home Loan Bank	3.070	06-14-06	50,015
Bank One Corporation	6.500	02-01-06	52,766
Boeing Cap Corporation	4.350	10-15-06	25,140
CIT Group Incorporated	4.100	05-15-08	49,661
Citicorp	7.125	01-09-06	53,949
Ford Motor Credit	6.125	01-09-06	51,725
General Motors Acceptance Corporation	4.500	08-15-04	50,124
International Lease Financial Corporation	4.100	10-15-09	48,650
International Lease Financial Corporation	4.400	05-15-09	49,714
Merrill Lynch & Company	7.375	05-15-06	54,052
Merrill Lynch Global	6.000	11-15-06	50,739
Morgan Stanley DW	6.100	04-15-06	52,605
NationsBank	6.375	02-15-08	53,878
Wachovia Corporaiton	6.250	08-04-08	32,027
Wal Mart Stores	4.125	02-15-11	24,129
Federated Prime Obligation Fund	N/A	N/A	15,476
			<u>\$ 1,284,829</u>
<b>Total Investments</b>			<u><u>\$ 60,026,685</u></u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Property Taxes Receivable**

**Year Ended June 30, 2004**

<u>Year of Levy</u>	<u>Property Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Amount</u>
1994	\$ 19,264	\$ 19,264	
1995	22,293	22,293	
1996	30,648	30,648	
1997	29,422	29,422	
1998	21,278	21,278	
1999	28,439	28,439	
2000	78,242	78,242	
2001	147,946	147,946	
2002	212,818	212,818	
2003	711,845	489,905	\$ 221,940
2004	<u>25,976,387</u>	<u>504,435</u>	<u>25,471,952</u>
	\$ 27,278,582	\$ 1,584,690	\$ 25,693,892
Less: Partial payments received	<u>30,155</u>		<u>30,155</u>
	<u>\$ 27,248,427</u>	<u>\$ 1,584,690</u>	<u>\$ 25,663,737</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year**

**June 30, 2004**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
General Long-Term Debt -					
2005	General Improvement Refunding	4.80	\$ 1,815,000	\$ 83,495	\$ 1,898,495
2006	Bonds, Series 1993	4.90	815,000	19,968	834,968
			<u>\$ 2,630,000</u>	<u>\$ 103,463</u>	<u>\$ 2,733,463</u>
2005	General Obligation Refunding Bonds,	2.00	\$ 1,215,000	\$ 133,188	\$ 1,348,188
2006	Series 2003	2.00	1,240,000	108,638	1,348,638
2007		2.25	1,260,000	82,063	1,342,063
2008		2.50	1,280,000	51,887	1,331,887
2009		2.75	1,305,000	17,944	1,322,944
			<u>\$ 6,300,000</u>	<u>\$ 393,720</u>	<u>\$ 6,693,720</u>
2005	Tennessee Municipal Bond Fund		\$ 366,900	\$ 31,393	\$ 398,293
2006	Loan (1)		392,500	25,821	418,321
2007			420,000	19,860	439,860
2008			449,400	13,481	462,881
2009			480,800	6,655	487,455
			<u>\$ 2,109,600</u>	<u>\$ 97,210</u>	<u>\$ 2,206,810</u>
2005	Tennessee Municipal Bond Fund		\$ 1,710,000	\$ 193,346	\$ 1,903,346
2006	Loan (2)		1,805,000	169,124	1,974,124
2007			1,905,000	143,556	2,048,556
2008			2,010,000	116,572	2,126,572
2009			2,120,000	88,102	2,208,102
2010			2,235,000	58,074	2,293,074
2011			2,070,000	26,755	2,096,755
			<u>\$ 13,855,000</u>	<u>\$ 795,529</u>	<u>\$ 14,650,529</u>
2005	Tennessee Municipal Bond Fund		\$ 268,000	\$ 50,234	\$ 318,234
2006	Loan (2)		281,000	46,440	327,440
2007			295,000	42,461	337,461
2008			310,000	38,284	348,284
2009			325,000	33,895	358,895
2010			342,000	29,293	371,293
2011			359,000	24,451	383,451
2012			376,000	19,369	395,369
2013			395,000	14,045	409,045
2014			415,000	8,452	423,452
2015			219,000	2,831	221,831
			<u>\$ 3,585,000</u>	<u>\$ 309,755</u>	<u>\$ 3,894,755</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2004**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
General Long-Term Debt (continued) -					
2005	Tennessee Municipal Bond Fund		\$ 1,323,034	\$ 226,884	\$ 1,549,918
2006	Loan (2)		1,389,239	208,152	1,597,391
2007			1,458,633	188,482	1,647,115
2008			1,531,551	167,829	1,699,380
2009			1,608,156	146,144	1,754,300
2010			1,688,628	123,375	1,812,003
2011			1,773,026	99,466	1,872,492
2012			1,861,656	74,362	1,936,018
2013			1,954,715	48,004	2,002,719
2014			1,612,686	20,844	1,633,530
			<u>\$ 16,201,324</u>	<u>\$ 1,303,542</u>	<u>\$ 17,504,866</u>
2005	Tennessee Municipal Bond Fund		\$ 2,432,352	\$ 299,619	\$ 2,731,971
2006	Loan (3)		2,529,487	267,649	2,797,136
2007			2,630,499	234,403	2,864,902
2008			2,285,311	200,320	2,485,631
2009			2,376,724	170,283	2,547,007
2010			2,471,793	139,044	2,610,837
2011			2,570,664	106,556	2,677,220
2012			2,673,491	72,768	2,746,259
2013			2,780,430	37,628	2,818,058
2014			323,648	3,887	327,535
			<u>\$ 23,074,399</u>	<u>\$ 1,532,157</u>	<u>\$ 24,606,556</u>
2005	Tennessee Municipal Bond Fund		\$ 2,635,420	\$ 348,927	\$ 2,984,347
2006	Loan (4)		2,740,580	312,966	3,053,546
2007			2,001,790	276,532	2,278,322
2008			2,081,660	249,217	2,330,877
2009			2,164,710	220,812	2,385,522
2010			2,251,090	191,274	2,442,364
2011			2,340,900	160,557	2,501,457
2012			2,434,310	128,615	2,562,925
2013			2,531,440	95,399	2,626,839
2014			2,632,440	60,857	2,693,297
2015			2,061,680	25,702	2,087,382
			<u>\$ 25,876,020</u>	<u>\$ 2,070,858</u>	<u>\$ 27,946,878</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2004**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
General Long-Term Debt (continued) -					
2005	Tennessee Municipal Bond Fund		\$ 559,000	\$ 15,410	\$ 574,410
2006	Loan (5)		577,000	8,179	585,179
2007			105,135	1,243	106,378
			<u>\$ 1,241,135</u>	<u>\$ 24,832</u>	<u>\$ 1,265,967</u>
Total General Long-Term Debt			<u>\$ 94,872,478</u>	<u>\$ 6,631,066</u>	<u>\$ 101,503,544</u>
Murfreesboro Water and Sewer -					
2005	Water and Sewer Revenue and	6.85	\$ 135,000	\$ 14,556	\$ 149,556
2006	Tax Bonds, Series 1990	6.85	145,000	4,966	149,966
			<u>\$ 280,000</u>	<u>\$ 19,522</u>	<u>\$ 299,522</u>
2005	Water and Sewer System	2.00	\$ 155,000	\$ 16,000	\$ 171,000
2006	Revenue and Tax Bonds,	2.00	160,000	12,850	172,850
2007	Series 2003	2.00	165,000	9,600	174,600
2008		2.25	170,000	6,038	176,038
2009		2.50	165,000	2,062	167,062
			<u>\$ 815,000</u>	<u>\$ 46,550</u>	<u>\$ 861,550</u>
2005	Tennessee Municipal Bond Fund (6)		\$ 574,437	\$ 58,244	\$ 632,681
2006			597,324	50,521	647,845
2007			621,125	42,490	663,615
2008			395,175	34,420	429,595
2009			410,982	29,107	440,089
2010			427,421	23,581	451,002
2011			444,518	17,835	462,353
2012			462,298	11,858	474,156
2013			461,174	5,665	466,839
			<u>\$ 4,394,454</u>	<u>\$ 273,721</u>	<u>\$ 4,668,175</u>
2005	Tennessee Municipal Bond Fund (6)		\$ 312,000	\$ 21,750	\$ 333,750
2006			322,000	18,184	340,184
2007			332,000	14,503	346,503
2008			343,000	10,708	353,708
2009			354,000	6,787	360,787
2010			270,884	2,831	273,715
			<u>\$ 1,933,884</u>	<u>\$ 74,763</u>	<u>\$ 2,008,647</u>
2005	Tennessee Municipal Bond Fund (6)		\$ 829,000	\$ 97,245	\$ 926,245
2006			853,000	85,611	938,611
2007			877,000	73,641	950,641
2008			902,000	61,334	963,334
2009			927,000	48,677	975,677
2010			953,000	35,668	988,668
2011			980,000	22,295	1,002,295
2012			694,153	8,908	703,061
			<u>\$ 7,015,153</u>	<u>\$ 433,379</u>	<u>\$ 7,448,532</u>

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2004**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Murfreeseboro Water and Sewer (continued) -					
2005	State Revolving Loan (7)		\$ 4,694,499	\$ 2,086,956	\$ 6,781,455
2006			2,147,400	1,997,964	4,145,364
2007			2,240,244	1,905,120	4,145,364
2008			2,337,096	1,808,268	4,145,364
2009			2,438,136	1,707,228	4,145,364
2010			2,543,544	1,601,820	4,145,364
2011			2,653,512	1,491,852	4,145,364
2012			2,768,232	1,377,132	4,145,364
2013			2,887,920	1,257,444	4,145,364
2014			3,012,768	1,132,596	4,145,364
2015			3,143,028	1,002,336	4,145,364
2016			3,278,904	866,460	4,145,364
2017			3,420,672	724,692	4,145,364
2018			3,568,560	576,804	4,145,364
2019			3,722,844	422,520	4,145,364
2020			3,883,788	261,576	4,145,364
2021			4,043,129	102,235	4,145,364
			<u>\$ 52,784,276</u>	<u>\$ 20,323,003</u>	<u>\$ 73,107,279</u>
Total Murfreeseboro Water and Sewer			<u>\$ 67,222,767</u>	<u>\$ 21,170,938</u>	<u>\$ 88,393,705</u>
Murfreeseboro Electric Department -					
2005	Electric System Revenue Bonds Series 1995	5.25	\$ 250,000	\$ 93,788	\$ 343,788
2006		5.25	265,000	80,663	345,663
2007		5.38	280,000	66,750	346,750
2008		5.50	295,000	51,700	346,700
2009		5.50	315,000	35,475	350,475
2010		5.50	330,000	18,150	348,150
			<u>\$ 1,735,000</u>	<u>\$ 346,526</u>	<u>\$ 2,081,526</u>
2005	Electric System Revenue Bonds Series 1999	4.50	\$ 600,000	\$ 195,973	\$ 795,973
2006		4.50	620,000	168,973	788,973
2007		4.40	645,000	141,693	786,693
2008		4.50	285,000	112,667	397,667
2009		4.60	300,000	99,558	399,558
2010		4.70	315,000	85,458	400,458
2011		4.80	330,000	70,338	400,338
2012		4.88	345,000	54,250	399,250
2013		5.00	360,000	37,000	397,000
2014		5.00	380,000	19,000	399,000
			<u>\$ 4,180,000</u>	<u>\$ 984,910</u>	<u>\$ 5,164,910</u>
(Continued)					

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year (continued)**

**June 30, 2004**

<u>Fiscal Year Ended June 30,</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Murfreesboro Electric Department (continued)-					
2005	Tennessee Municipal Bond Fund (6)		\$ 309,000	\$ 147,600	\$ 456,600
2006			325,000	132,150	457,150
2007			341,000	115,900	456,900
2008			358,000	98,850	456,850
2009			376,000	80,950	456,950
2010			394,000	62,150	456,150
2011			414,000	42,450	456,450
2012			433,827	21,750	455,577
			<u>\$ 2,950,827</u>	<u>\$ 701,800</u>	<u>\$ 3,652,627</u>
Total Murfreesboro Electric Department			<u>\$ 8,865,827</u>	<u>\$ 2,033,236</u>	<u>\$ 10,899,063</u>
Total Indebtedness			<u>\$ 170,961,072</u>	<u>\$ 29,835,240</u>	<u>\$ 200,796,312</u>

- Notes: (1) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.51% was used which was the rate in effect at June 30, 2004.
- (2) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.41% was used which was the rate in effect at June 30, 2004.
- (3) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.31% was used which was the rate in effect at June 30, 2004.
- (4) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.36% was used which was the rate in effect at June 30, 2004.
- (5) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.29% was used which was the rate in effect at June 30, 2004.
- (6) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate. For purposes of this schedule, an interest rate of 1.14% was used which was the rate in effect at June 30, 2004.
- (7) Interest payments are subject to fluctuation since interest is accrued based on an adjustable rate ranging from 4.24% to 4.28% per annum. For purposes of this schedule, an interest rate of 4.24% was used.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Interfund Transfers - All Funds**

**June 30, 2004**

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	General Purpose School Fund	\$ 4,560,103
	City Recreation Fund	4,186,418
	Senior Citizens Fund	308,915
	Solid Waste Fund	2,762,810
	Debt Service Fund	13,251,240
	Airport	5,130
	Drug Fund	108,843
State Street Aid Fund	Debt Service Fund	300,000
Airport Fund	Debt Service Fund	50,000
Solid Waste Fund	Debt Service Fund	250,000
Gateway Project Fund	Debt Service Fund	626,483
Capital Improvements Fund	General Purpose School Fund	1,083,831
	Debt Service Fund	500,000
	Senior Citizens	6,000
Community Development	Senior Citizens	8,000
Perpetual Care Cemetery Fund	Evergreen Cemetery Fund	49,324
Extended School Program	General Purpose School Fund	30,000
		<u>\$ 28,087,097</u>



**STATISTICAL SECTION**  
**(UNAUDITED)**

**CITY OF MURFREESBORO, TENNESSEE**

**General Governmental Revenues By Source (Unaudited)**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Other Local Taxes</u>	<u>Licenses, Permits and Fines</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
1995	\$ 15,925,759	\$ 11,435,273	\$ 1,201,535	\$ 26,913,913	\$ 2,929,644	\$ 348,731	\$ 1,739,945	\$ 60,494,800
1996	16,607,630	12,556,427	1,551,696	29,407,396	3,014,733	279,474	2,011,823	65,429,179
1997	17,321,428	13,920,313	1,571,570	33,405,356	3,297,966	241,626	2,377,867	72,136,126
1998	18,431,102	15,142,595	2,070,388	34,360,719	4,258,889	231,787	3,698,316	78,193,796
1999	20,165,648	16,934,294	2,178,165	36,820,271	4,419,553	746,365	3,534,200	84,798,496
2000	21,922,224	18,260,991	2,626,750	42,037,954	4,574,013	1,172,562	6,496,196	97,090,690
2001	22,793,606	21,316,800	3,039,720	44,456,365	4,365,681	1,461,883	4,528,696	101,962,751
2002	24,355,979	21,084,654	3,697,069	43,131,242	5,554,663	809,012	7,630,870	106,263,489
2003	25,478,328	22,245,800	3,887,346	44,206,914	5,397,770	587,604	4,072,410	105,876,172
2004	27,076,804	26,193,803	4,599,889	48,507,093	5,907,855	446,717	7,836,385	120,568,546

Source: Current year and prior years combined financial statements.

Note: General governmental revenues include the revenues of governmental funds.

**CITY OF MURFREESBORO, TENNESSEE**

**General Governmental Expenditures By Function (Unaudited)**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Administrative and General</u>	<u>Police and Fire Protection</u>	<u>Legal and Judicial</u>	<u>Public Works</u>	<u>Education</u>	<u>Recreation</u>	<u>Community Development</u>	<u>Other</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$ 4,880,189	\$ 8,692,802	\$ 424,184	\$ 7,878,799	\$ 24,637,966	\$ 3,116,360	\$ 589,573	\$ 2,587,298	\$ 6,340,392	\$ 7,543,401	\$ 66,690,964
1996	5,310,649	9,628,991	493,016	7,247,142	25,356,817	3,732,271	539,568	3,667,007	6,235,298	7,686,356	69,897,115
1997	5,915,725	11,120,773	459,229	8,256,218	26,518,791	4,114,425	786,535	2,717,360	14,518,678	7,942,819	82,350,553
1998	6,615,085	11,703,446	530,931	9,968,643	27,814,264	4,752,308	1,290,448	2,466,947	13,374,190	8,761,244	87,277,506
1999	7,011,727	12,969,965	548,548	8,307,045	30,434,359	5,175,392	592,782	2,250,307	22,949,255	10,324,668	100,564,048
2000	7,749,888	14,665,031	601,271	12,121,410	32,542,947	5,230,224	671,462	2,152,009	16,207,145	14,393,012	106,334,399
2001	8,709,582	15,119,186	639,489	12,021,050	35,468,288	5,552,647	1,042,530	2,124,200	13,851,250	14,101,397	108,629,619
2002	9,485,317	15,744,872	723,064	9,287,627	36,782,935	5,907,853	732,989	* 5,050,479	22,807,323	14,039,993	120,562,452
2003	10,451,393	16,523,491	635,226	10,538,448	37,854,844	5,902,100	700,350	5,976,920	21,495,444	18,616,334	128,694,550
2004	10,870,180	16,961,544	657,574	11,902,150	40,827,158	6,684,636	852,389	6,386,240	30,714,965	21,938,038	147,794,874

Source: Current year and prior years combined financial statements.

Note: General governmental expenditures include the expenditures of governmental funds.

Certain reclassifications have been made to expenditures by function in order to conform to GASB 34 in the fiscal year ended 2002.

\* Included in other expenditures for years subsequent to 2001 are food service expenditures which were not included in this expenditure function in years prior to 2002.

**CITY OF MURFREESBORO, TENNESSEE**

**Property Tax Levies and Collections (Unaudited)**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes (1)</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
1995	\$ 14,482,626	\$ 13,993,511	96.62 %	\$ 321,610	\$ 14,315,121	98.84 %	\$ 858,182	5.93 %
1996	15,083,508	14,702,971	97.48	364,461	15,067,432	99.89	875,456	5.80
1997	15,559,449	14,927,830	95.94	481,923	15,409,753	99.04	1,031,871	6.63
1998	16,788,096	16,481,701	98.17	642,785	17,124,486	102.00	740,233	4.41
1999	18,551,678	18,114,001	97.64	327,874	18,441,875	99.41	909,757	4.90
2000	20,059,353	19,418,410	96.80	472,336	19,890,746	99.16	1,165,290	5.81
2001	21,294,122	20,459,065	96.08	645,045	21,104,110	99.11	1,408,585	6.61
2002	22,268,457	21,510,561	96.60	822,096	22,332,657	100.29	1,372,325	6.16
2003	23,434,512	22,586,197	96.38	807,134	23,393,331	99.82	1,376,572	5.87
2004	24,495,265	23,830,440	97.29	830,601	24,661,041	100.68	1,302,195	5.32

Source: City of Murfreesboro Tax Department

(1) Outstanding delinquent taxes for the fiscal years June 30, 1995 through June 30, 2003 have been filed with the chancery court of Rutherford County.

**CITY OF MURFREESBORO, TENNESSEE**

**Assessed Value and Estimated Actual Value of Taxable Property (Unaudited)**

**Last Ten Fiscal Years**

Year Ended June 30,	Tax Rate (1)	Assessed Valuation			Total Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
		Property	Public Utilities	Total		
1995	2.30	\$ 603,318,781	\$ 26,424,941	\$ 629,743,722	\$ 1,982,063,096	31.8%
1996	2.28	633,893,912	27,656,528	661,550,440	2,091,681,990	31.6%
1997	2.26	664,514,705	23,956,476	688,471,181	2,178,706,269	31.6%
1998	2.26	719,584,419	23,251,665	742,836,084	2,350,747,101	31.6%
1999	1.90	947,477,835	28,926,341	976,404,176	3,089,886,633	31.6%
2000	1.90	1,024,583,966	31,149,479	1,055,733,445	3,379,155,672	31.2%
2001	1.90	1,087,344,584	33,371,877	1,120,716,461	3,623,256,503	30.9%
2002	1.90	1,137,883,832	34,117,576	1,172,001,408	3,804,249,039	30.8%
2003	1.72	1,322,192,474	40,258,926	1,362,451,400	4,385,931,670	31.1%
2004	1.72	1,386,515,720	37,606,092	1,424,121,812	4,577,797,298	31.1%

(1) Per \$100 of assessed value.

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

**Property Tax Rates and Levies - Direct and Overlapping Governments (Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Tax Rate Per \$100 Assessed Value			Tax Levies		
	City	County	Total	City	County	Total
1995	\$ 2.30	\$ 2.97	\$ 5.27	\$ 14,482,626	\$ 18,703,389	\$ 33,186,015
1996	2.28	3.15	5.43	15,083,508	20,838,839	35,922,347
1997	2.26	3.30	5.56	15,559,449	22,719,549	38,278,998
1998	2.26	3.37	5.63	16,788,096	25,033,576	41,821,672
1999	1.90	2.78	4.68	18,551,678	27,144,036	45,695,714
2000	1.90	2.78	4.68	20,059,353	29,349,390	49,408,743
2001	1.90	2.78	4.68	21,294,122	31,155,918	52,450,040
2002	1.90	2.78	4.68	22,268,457	32,581,639	54,850,096
2003	1.72	2.51	4.23	23,434,512	34,197,530	57,632,042
2004	1.72	2.80	4.52	24,495,265	39,875,411	64,370,676

Source: City of Murfreesboro Tax Department

**CITY OF MURFREESBORO, TENNESSEE**

**Ratio of Net General Bonded Debt to Assessed Value**  
**and Net Bonded Debt Per Capita (Unaudited)**

**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Estimated Population (1)</b>	<b>Assessed Value</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Fund</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1995	49,631	\$ 629,743,722	\$ 54,505,000	\$ 214,520	\$ 54,290,480	8.62 %	\$ 1,093.88
1996	52,341	661,550,440	49,705,000	223,602	49,481,398	7.48	945.37
1997	55,000	688,471,181	44,665,000	177,732	44,487,268	6.46	808.86
1998	59,506	742,836,084	39,385,000	201,047	39,183,953	5.27	658.49
1999	62,000	976,404,176	33,840,000	392,101	33,447,899	3.43	539.48
2000	68,816	1,055,733,445	25,375,000	1,637,060	23,737,940	2.25	344.95
2001	72,414	1,120,716,461	21,170,000	1,940,948	19,229,052	1.72	265.54
2002	76,012	1,172,001,408	16,770,000	3,048,805	13,721,195	1.17	180.51
2003	75,083	1,362,451,400	12,670,000	3,101,068	9,568,932	0.70	127.44
2004	84,000	1,424,121,812	8,930,000	2,538,936	6,391,064	0.45	76.08

Note:

(1) Special Census conducted 1996, 1998 and 2003, federal census conducted 2000, others are estimated.

(2) The State of Tennessee has not mandated a legal debt margin requirement for municipalities.

Therefore, a schedule of the computation of the legal debt margin is not applicable.

**CITY OF MURFREESBORO, TENNESSEE**

**Ratio of Annual Debt Service**  
**For General Bonded Debt to Total General Expenditures (Unaudited)**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1995	\$ 7,543,401	\$ 66,690,964	11.3 %
1996	7,686,356	69,897,115	11.0
1997	7,942,819	82,350,553	9.6
1998	8,761,244	87,277,506	10.0
1999	10,324,668	100,564,048	10.3
2000	14,393,012	106,334,399	13.5
2001	14,101,397	108,629,719	13.0
2002	14,039,993	120,562,452	11.6
2003	18,616,334	128,694,550	14.5
2004	21,938,038	147,794,874	14.8

Source: Current year and prior years combined financial statements.

Note:

(1) Total general expenditures include the expenditures of all governmental fund types.



**CITY OF MURFREESBORO, TENNESSEE**

**Computation of Direct and Estimated Overlapping Bonded Debt**  
**Payable from Ad Valorem Taxes (Unaudited)**

**June 30, 2004**

<u>Taxing Jurisdiction</u>	<u>Net General Bonded Debt (1)</u>	<u>Estimated Percent Applicable</u>	<u>Direct and Overlapping Bonded Debt</u>
City of Murfreesboro	\$ 8,930,000	100.00%	\$ 8,930,000
Rutherford County (2)	261,570,000	41.52%	<u>108,603,864</u>
Total direct and estimated overlapping bonded debt			<u>\$ 117,533,864</u>
Ratio, direct and estimated overlapping debt to 2003 assessed valuation (3)			<u>8.25%</u>
Per capita direct and estimated overlapping bonded debt (4)			<u>\$ 1,399</u>

(1) As of June 30, 2004.

(2) Source: Rutherford County Comprehensive Annual Financial Report, June 30, 2004, Table 11.

(3) Based upon 2003 Taxable Assessed Valuation of \$1,424,121,812.

(4) Based upon estimated population of 84,000.

**CITY OF MURFREESBORO, TENNESSEE**

**Revenue Bond Coverage (Unaudited)**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Gross Revenues (1)</u>	<u>Net Operating Expenses (2)</u>	<u>Net Revenues Available for Debt Service</u>	<u>Debt Service Requirement (3)</u>	<u>Times Coverage</u>
<b>Water and Sewer -</b>					
1995	\$ 13,011,104	\$ 6,540,011	\$ 6,471,093	\$ 2,029,048	3.19
1996	14,307,118	6,855,183	7,451,935	1,871,832	3.98
1997	15,003,364	7,466,242	7,537,122	1,882,386	4.00
1998	15,735,084	7,978,516	7,756,568	1,882,840	4.12
1999	17,008,794	8,534,714	8,474,080	1,887,761	4.49
2000	17,615,689	9,320,737	8,294,952	1,891,020	4.39
2001	17,497,224	9,875,658	7,621,566	331,933	22.96
2002	17,934,536	9,899,664	8,034,872	333,785	24.07
2003	18,421,275	10,901,787	7,519,488	330,061	22.78
2004	18,619,918	11,723,101	6,896,817	330,370	20.88
<b>Electric Department -</b>					
1995	\$ 48,262,085	\$ 44,536,553	\$ 3,725,532	\$ 478,211	7.79
1996	53,012,767	49,100,553	3,912,214	753,237	5.19
1997	53,142,643	48,784,924	4,357,719	749,973	5.81
1998	59,111,205	54,794,789	4,316,416	753,990	5.72
1999	62,671,072	58,040,874	4,630,198	752,902	6.15
2000	64,378,477	59,625,745	4,752,732	1,281,571	3.71
2001	68,260,667	62,610,100	5,650,567	1,266,556	4.46
2002	67,984,679	62,924,428	5,060,251	1,143,371	4.43
2003	73,136,230	67,912,598	5,223,632	1,138,771	4.59
2004	80,229,784	73,500,606	6,729,178	1,137,771	5.91

Source: Current year and prior years combined financial statements.

Notes:

- (1) Includes operating and nonoperating revenues.
- (2) Includes operating expenses minus depreciation and amortization.
- (3) Includes principal and interest of revenue bonds only.

**CITY OF MURFREESBORO, TENNESSEE**

**Demographic Statistics (Unaudited)**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Unemployment Rate (2)</u>
1995	49,631	\$ 21,260	3.30 %
1996	52,341	22,041	3.60
1997	55,000	22,575	3.40
1998	59,506	24,321	3.80
1999	62,000	25,212	2.60
2000	68,816	25,716	2.50
2001	72,414	26,630	2.90
2002	76,012	26,533	3.80
2003	75,083	26,946	4.10
2004	84,000	28,082	4.10

Notes:

(1) Special Census conducted 1996, 1998, and 2003 and Federal Census conducted 2000, others are estimated.

(2) Source: University of Tennessee, Center for Business & Economic Research, Tennessee Department of Education. These figures represent the entire County of which Murfreesboro is a part.

**CITY OF MURFREESBORO, TENNESSEE**

**Property Value, Construction and Bank Deposits (Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Non-Residential Construction Value (1)	Residential Construction (1)		Bank Deposits (2)	Total Taxable Assessed Value (3)
		Units	Value		
1995	\$ 28,636,373	892	\$ 64,225,148	\$ 869,580,000	\$ 629,743,722
1996	100,942,971	2,241	139,556,344	917,600,000	661,550,440
1997	88,574,145	1,200	92,251,621	1,041,341,600	688,471,181
1998	88,747,506	722	67,892,203	1,079,988,000	742,836,084
1999	69,355,913	1,689	127,088,851	1,159,892,000	976,404,176
2000	100,529,467	1,774	122,203,582	1,224,854,000	1,055,733,445
2001	67,636,884	1,710	141,779,641	1,238,039,000	1,120,716,461
2002	57,770,219	1,191	117,448,803	1,295,977,000	1,172,001,408
2003	37,073,456	1,598	167,906,154	1,387,147,000	1,362,451,400
2004	71,333,819	2,703	257,668,582	1,939,000,000	1,424,121,812

(1) Source: Murfreesboro Building and Codes Department and the Rutherford County Chamber of Commerce.

(2) Data is as of June 30 each year for branches of all depository institutions located within the City of Murfreesboro, except for the fiscal year ended June 2004 which includes all depository institutions located within Rutherford County.

Source: Federal Deposit Insurance Corporation website: [www2.fdic.gov](http://www2.fdic.gov).

(3) Source: City of Murfreesboro tax department.

**CITY OF MURFREESBORO, TENNESSEE**

**Principal Taxpayers (Unaudited)**

**June 30, 2004**

<u>Taxpayer</u>	<u>2003 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
General Mills Operations	\$ 22,429,960	1.58 %
Bellsouth Telecommunications	13,504,137	0.95
Stones River LLC	11,445,240	0.80
State Farm Mutual Auto Insurance	9,940,499	0.70
Middle Tennessee Electric Membership	9,894,781	0.69
Tennex Industries	9,823,274	0.69
Buford Throneberry	8,788,135	0.62
Rich Products	7,319,556	0.51
NHR/OP LP	7,121,200	0.50
Boston Capital University	6,993,080	0.49
	<u>\$ 107,259,862</u>	<u>7.53 %</u>

Source: City of Murfreesboro tax department.

**CITY OF MURFREESBORO, TENNESSEE**

**Salaries of Principal City Officials and Amounts  
Of Fidelity Bonds - (Unaudited)**

**Year Ended June 30, 2004**

<u>Name of Official</u>	<u>Position</u>	<u>Salary</u>	<u>Fidelity Bond</u>
Tommy Bragg	Mayor	\$ 12,000	\$ 10,000
Chris Bratcher	Councilperson	10,288	10,000
Doug Young	Councilperson	10,288	10,000
Beth O'Brien	Councilperson	10,288	10,000
Bill Schacklett	Councilperson	10,288	10,000
Tolbert Gilley, III	Councilperson	10,288	10,000
Ronald Washington	Councilperson	10,288	10,000
Roger G. Haley	City Manager	106,740	10,000
James B. Penner	City Recorder	85,598	500,000
Susan McGannon	City Attorney	106,004	10,000
Sherry Carpenter	City Treasurer	85,598	500,000
Ewing Sellers	City Judge	37,208	10,000
Marilyn Mathis	City Schools Superintendent	95,790	75,000

Source - City of Murfreesboro

Note - The water and sewer department has a fidelity bond with a maximum limit of \$10,000 per employee and the electric department with a maximum limit of \$250,000 per employee. The City has a fidelity bond with a maximum limit of \$50,000 per employee involved in the direct handling of cash.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Insurance Coverage (Unaudited)**

**Year Ended June 30, 2004**

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
<u>All City Departments Excluding Murfreesboro Electric Department -</u>	
Fire and Extended Coverage, Vandalism, and Malicious Mischief- Various City buildings and contents - \$100,000 deductible	\$239,750,866
Umbrella Liability	Self-insured
Comprehensive General Liability- Bodily injury and property damage	Self-insured
Automobile Liability- Bodily injury and property damage	Self-insured
Worker's compensation- Employer's liability	Self-insured
Law Enforcement Liability (in Excess of Retained Limit of \$10,000)	1,000,000
Steam Boiler and Machinery - \$5,000 deductible	25,000,000
<u>Airport -</u>	
General liability	5,000,000
Fire damage - general liability	50,000
Ground hangarkeepers - general liability - \$1,000 deductible	500,000/3,000,000
Heliport - general liability	1,000,000
<u>Murfreesboro Electric Department -</u>	
Fire and Extended Coverage	
Building - 205 North Walnut Street	\$ 1,440,000
Contents - 205 North Walnut Street	1,435,000
Warehouse - Corner of W. College and Front Streets	175,200
Inventory - North Front Street	215,000

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Insurance Coverage (Unaudited) (continued)**

**Year Ended June 30, 2004**

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
<b><u>Murfreesboro Electric Department – (continued)</u></b>	
Electronic equipment and data processing	1,227,527
Contractor's equipment	643,154
Communications/radio equipment	62,811
<b>Substations</b>	
Bridge Avenue	\$4,415,000
South Church	1,225,000
Dill Lane	1,940,000
Pitts Lane	1,225,000
Jones Blvd.	1,225,000
Dill Lane and Mercury Blvd.	3,363,000
Butler Drive	2,123,000
Thompson Lane	2,123,000
<b>Fleet Automobile and Truck</b>	
Liability – Bodily injury and property damage	\$1,000,000
Comprehensive	Stated Cash Values
Uninsured motorist (per accident)	\$1,000,000
Auto physical damage - All automobiles	Stated Cash Values
<b>General Liability</b>	
Bodily injury/Property damage	
Per occurrence	\$ 1,000,000
Aggregate	3,000,000
<b>Worker's Compensation</b>	
Murfreesboro Electric Department is covered under the City of Murfreesboro's self-insurance program for worker's compensation.	
<b>Commercial Crime</b>	
Employee dishonesty	\$ 250,000
Theft, disappearance, destruction	250,000
<b>Umbrella Policy</b>	<b>\$ 3,000,000</b>
<b>Director and Officer Liability</b>	<b>\$ 1,000,000</b>



**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Customers and Rate Structure (Unaudited)**

**Year Ended June 30, 2004**

**Murfreesboro Water and Sewer Department**

As of June 30, 2004, Murfreesboro Water and Sewer Department serves approximately 23,336 customers and had the following rate structure in place:

**Water:**

\$2.29 per 100 cubic feet of consumption (\$.0229 per cubic foot)

The following minimum monthly water charges apply:

<u>Meter Size</u>	<u>Charge</u>	<u>Allowance</u>
5/8"	\$ 6.87	300 cubic feet
1"	16.03	700 cubic feet
1-1/2"	34.35	1,500 cubic feet
2"	54.96	2,400 cubic feet
3"	137.40	6,000 cubic feet
4"	274.80	12,000 cubic feet
6"	572.50	25,000 cubic feet

**Sewer:**

90% of the above water rates is charged for sewerage service fee plus \$.0070 per cubic foot is charged for operation and maintenance fee.

**Murfreesboro Electric Department**

As of June 30, 2004, Murfreesboro Electric Department serves approximately 42,000 customers and had the following rate structure in place:

**Residential:**

Customer Charge - \$8.48 per month (also minimum bill)

Energy Charge - \$.06317 per KWH up to 800 KWH, \$.05674 over 800 KWH

**Commercial:**

General Power (GSA)

(1) Not more than 50 KWD (KWH not over 15,000)

Customer Charge	\$12.50
Energy Charge	\$.06666 per KWH

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Customers and Rate Structure (Unaudited) (continued)**

**Year Ended June 30, 2004**

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**Murfreesboro Electric Department (continued)**

**Commercial (continued):**

- (2) Greater than 50 KWD but not more than 1,000 KWD or less than 50 KWD with KWH over 15,000

Customer Charge     \$25.65

Energy Charge

1st 15,000             \$.06771 per KWH

over 15,000          \$.03523 per KWH

Demand Charge

1st 50                 No Charge

over 50               \$9.49 per KWH

- (3) Greater than 1,000 KWD but not more than 5000 KWD

Customer Charge     \$50.00

Energy Charge        \$.03576 per KWH

Demand Charge

1st 1,000 KWD        \$9.00 per KW

over 1,000 KWH      \$10.37 per KW

**General Power (GSB)**

Greater than 5,000 KWD but not more than 15,000 KWD

Customer Charge     \$1,500.00

Energy Charge

Up to 620 hrs.

use of metered

demand per

month

\$.03035 per KWH

Additional KWH

\$.02477 per KWH

Demand Charge

\$11.58 per KW

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2004**

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2003 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures (1)</u>	<u>Adjustments</u>	<u>Balance June 30, 2004 (Receivable)/ Deferred Revenue</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Passed through the Tennessee							
Department of Education -							
National School Breakfast Program	10.553	N/A	\$ (22,226)	\$ 222,028	\$ 224,147		\$ (24,345)
National School Lunch Program	10.555	N/A	(84,527)	873,186	885,550		(96,891)
Emergency Food Assistance Program (Food Commodities)	10.569	N/A		202,286	202,286		
Department of Human Services -							
Summer Food Service Program	10.559	N/A	13,281	46,221	81,490		(21,988)
Child Care Food Program	10.558	D60001571	(2,733)	24,702	26,605		(4,636)
			<u>\$ (96,205)</u>	<u>\$ 1,368,423</u>	<u>\$ 1,420,078</u>		<u>\$ (147,860)</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
Public Housing Drug Elimination Program	14.156	TN43DEP0200196	\$	\$ 70,843	\$ 77,259		\$ (6,416)
Community Development Block Grant	14.218	B-00-MC-47-0009	(33)			\$ 33	
Community Development Block Grant	14.218	B-02-MC-47-0009	(36)	495,495	495,459		
Community Development Block Grant	14.218	B-03-MC-47-0009		150,893	151,093		(200)
Emergency Shelter Grant	14.231	Z-03009419-00	(1,373)	1,373			
Emergency Shelter Grant	14.231	Z-04015697-00		44,573	48,300		(3,727)
HOME Program	14.239	DA0400070		77,999	101,356		(23,357)
			<u>\$ (1,442)</u>	<u>\$ 841,176</u>	<u>\$ 873,467</u>	<u>\$ 33</u>	<u>\$ (33,700)</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>							
Stones River National Battlefield Trail	15.916	CA-5590-2-9001	\$ (138,688)	\$ 186,806	\$ 76,464	\$ 11,850	\$ (16,496)
Land and Water Conservation Fund Grant	15.919	GG0309849	(200,000)	200,000			
			<u>\$ (338,688)</u>	<u>\$ 386,806</u>	<u>\$ 76,464</u>	<u>\$ 11,850</u>	<u>\$ (16,496)</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Local Law Enforcement Block Grant	16.592	99-LB-VX-8754	\$ 4,092			\$ (4,092)	
Local Law Enforcement Block Grant	16.592	2001-LB-BX-2228	3,741		\$ 6,470	2,729	
Local Law Enforcement Block Grant	16.592	2002-LB-BX-0293	2,320		3,066	746	
Local Law Enforcement Block Grant	16.592	2003-LB-BX-2369		\$ 70,123	2,562		\$ 67,561
Bulletproof Vest Program	16.607	N/A		6,514	6,514		
C.O.P.S. Universal Hiring (Parks)	16.710	96-UM-WX-1299	(53,077)	71,708			18,631
C.O.P.S. MORE 2000	16.710	00-CM-WX-0476	57,693				57,693
C.O.P.S. Homeland Security Overtime Program	16.710	2003OMWX0151			3,452		(3,452)
			<u>\$ 14,769</u>	<u>\$ 148,345</u>	<u>\$ 22,064</u>	<u>\$ (617)</u>	<u>\$ 140,433</u>

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of Federal Awards (continued)**

**Year Ended June 30, 2004**

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2003 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures (1)</u>	<u>Adjustments</u>	<u>Balance June 30, 2004 (Receivable)/ Deferred Revenue</u>
<b>FEDERAL HIGHWAY ADMINISTRATION</b>							
Passed through the Tennessee Department of Transportation -							
TEA-21 Stones River Battlefield Trail	20.205	CPD-13297	\$ (178,319)				\$ (178,319)
TEA-21 Stones River Battlefield Trail	20.205	CPD-1999879	(91,689)	\$ 111,373	\$ 72,620		(52,936)
TEA-21 Lytle Creek Greenway	20.205	CPD-669	(137,932)	136,928		\$ 1,004	
Congestion Mitigation and Air Quality Improvement Program	20.205	2000504	(274,623)	274,623			
			<u>\$ (682,563)</u>	<u>\$ 522,924</u>	<u>\$ 72,620</u>	<u>\$ 1,004</u>	<u>\$ (231,255)</u>
<b>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</b>							
Highway Safety - Speeding Enforcement	20.600	PT-03-02	\$ (5,739)	\$ 12,017	\$ 6,278		
Highway Safety - Crash Data Collection	20.600	TR-03-02	(1,249)	2,336	1,087		
Highway Safety - Crash Data Collection	20.600	PT-04-08			6,555		\$ (6,555)
			<u>\$ (6,988)</u>	<u>\$ 14,353</u>	<u>\$ 13,920</u>		<u>\$ (6,555)</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>							
Passed through the Tennessee Emergency Management Agency -							
Public Assistance Grant	83.544	Z-03-017940-00	\$ (448,641)	\$ 485,125	\$ 470,532		\$ (434,048)
			<u>\$ (448,641)</u>	<u>\$ 485,125</u>	<u>\$ 470,532</u>		<u>\$ (434,048)</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Passed through Tennessee Department of Education -							
Title I Program 03.01	84.010A	N/A	\$ 25,862			\$ (25,862)	
Title I Program 03.21	84.010A	N/A		\$ 68,167	\$ 68,167		
Title I Part A 04.01	84.010A	N/A		892,240	784,211		\$ 108,029
IDEA, Part B Program 03.01	84.027	N/A	(212,864)	294,472	81,608		
IDEA, Part B Program 04.01	84.027	N/A		733,312	696,574		36,738
Preschool Grant Program 03.01	84.173	N/A	(9,438)	10,705	1,267		
Preschool Grant Program 04.01	84.173	N/A		21,180	32,266		(11,086)
Safe and Drug Free Schools	84.186A	N/A	(30,948)	30,948	29,967		(29,967)
Drug Abuse Resistance Education (DARE)	84.186A	Z-0401952700			2,125		(2,125)
Even Start Program MC 03.01	84.213C	Z-0301310100	(68,465)	68,465			
Even Start Program FH 03.01	84.213C	Z-0301310200	(56,948)	56,948			
Even Start Program MC 04.01	84.213C	Z-0301310100		155,948	165,500		(9,552)

(Continued)

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of Federal Awards (continued)**

**Year Ended June 30, 2004**

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2003 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures (1)</u>	<u>Adjustments</u>	<u>Balance June 30, 2004 (Receivable)/ Deferred Revenue</u>
<b>U.S. DEPARTMENT OF EDUCATION (continued)</b>							
Passed through Tennessee Department of Education -							
Even Start Program FH 04.01	84.213C	Z-0301310200		\$ 173,985	\$ 211,000		\$ (37,015)
21st Century ATLAS	84.287	N/A	\$ (6,081)	115,056	209,536		(100,561)
Title IV 21st Century Project Eagle	84.287C	Z-0401594700	(11,871)	135,432	238,130		(114,569)
Title V Program 03.01	84.298A	N/A	(14,068)	17,122	3,054		
Title V Program 03.21	84.298A	N/A			3,001		(3,001)
Title V Program 04.01	84.298A	N/A			8,389		(8,389)
Title II Part D 03.01	84.318X	N/A	(12,276)	12,276			
Title II Part D 03.21	84.318X	N/A			592		(592)
Title II Part D 04.01	84.318X	N/A		16,368	16,368		
Title III ELL Program 03.01	84.365A	N/A	(14,807)	14,807			
Title III ELL Program 03.21	84.365A	N/A		7,732	12,634		(4,902)
Title III ELL Program 04.01	84.365A	N/A		26,785	26,387		398
Title II Part A 03.01	84.367A	N/A	9,597			\$ (9,597)	
Title II Part A 03.21	84.367A	N/A		104,145	104,145		
Title II Part A 04.01	84.367A	N/A		164,745	164,745		
			<u>\$ (402,307)</u>	<u>\$ 3,120,838</u>	<u>\$ 2,859,666</u>	<u>\$ (35,459)</u>	<u>\$ (176,594)</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed through the Greater Nashville Regional Council							
Aging Services - Title IIID	93.043	2004-23		\$ 2,500	\$ 2,500		
Aging Services - Title IIIB	93.044	2004-23		20,600	20,600		
Aging Services - Title IIIE	93.052	2003-23		1,771	1,771		
Passed through Tennessee Department of Education -							
Early Childhood Education	93.558	Z-02-007193-00	\$ (259,267)	259,267	195,000		\$ (195,000)
Families First	93.558	Z-03-010189-00	(9,360)	22,103	38,373		(25,630)
			<u>\$ (268,627)</u>	<u>\$ 306,241</u>	<u>\$ 258,244</u>		<u>\$ (220,630)</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
Passed through Tennessee Department of Military-							
State Domestic Preparedness Equipment							
Support Program	97.004	Z-03-017796-00			\$ 26,925		\$ (26,925)
			<u>\$ (2,230,692)</u>	<u>\$ 7,194,231</u>	<u>\$ 6,093,980</u>	<u>\$ (23,189)</u>	<u>\$ (1,153,630)</u>

**Notes -**

(1) This schedule reflects only the grantor's share of the expenditures.

Information in this schedule is presented on the accrual basis of accounting.

**CITY OF MURFREESBORO, TENNESSEE**

**Schedule of Expenditures of State Awards**

**Year Ended June 30, 2004**

<u>Program Name</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2003 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2004 (Receivable)/ Deferred Revenue</u>
<b>TENNESSEE COMMISSION ON AGING</b>					
Passed through the Greater Nashville Regional Council -					
Aging Services	GR 0214294-00		\$ 8,500	\$ 8,500	
			<u>\$ 8,500</u>	<u>\$ 8,500</u>	
<b>TENNESSEE DEPARTMENT OF EDUCATION</b>					
Basic Education Program	N/A		\$ 17,078,921	\$ 16,543,921	\$ 535,000
School Food Service	N/A	\$ 28,731	35,532	33,151	31,112
Career Ladder Program	N/A	20,633	394,622	376,095	39,160
Career Ladder Extended Contract	N/A	96,823	137,786	142,483	92,126
Family Resource Center	N/A	(2,648)	2,648	12,900	(12,900)
Safe Schools Grant	N/A	(3,406)	25,531	53,422	(31,297)
Parents as Teachers (P.A.T.)	N/A	(2,581)	2,581		
		<u>\$ 137,552</u>	<u>\$ 17,677,621</u>	<u>\$ 17,161,972</u>	<u>\$ 653,201</u>
<b>TENNESSEE DEPARTMENT OF TRANSPORTATION</b>					
Airport Maintenance	Z-03-01-2588-00	\$ (9,000)	\$ 9,000		
Airport Maintenance	Z-04-01-8110-00			\$ 9,000	\$ (9,000)
Airport Layout Plan	Z-02-00-8720-00	(2,428)	2,428		
Sewer and Water Lines	Z-03-01-4181-00		23,957	23,957	
Sink Hole Repair	Z-02-00-8719-00		3,302	3,302	
		<u>\$ (11,428)</u>	<u>\$ 38,687</u>	<u>\$ 36,259</u>	<u>\$ (9,000)</u>
		<u>\$ 126,124</u>	<u>\$ 17,724,808</u>	<u>\$ 17,206,731</u>	<u>\$ 644,201</u>

# JOBE, HASTINGS & ASSOCIATES

*Certified Public Accountants*

Joel H. Jobe, CPA, CMPE

Donna K. Hastings, CPA

James R. Jobe, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murfreesboro, Tennessee, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2004. We did not audit the financial statements of the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Pension Plan, and the Evergreen Cemetery Commission whose statements reflect total assets of \$18,749,465, \$73,203,438, \$248,630,862, \$9,343,485, and \$1,596,925, respectively, and total revenues of \$40,448,844, \$80,229,784, \$18,619,918, \$1,152,875, and \$400,455, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murfreesboro City Schools, the Murfreesboro Electric Department, the Murfreesboro Water and Sewer Department, the Murfreesboro Electric Department Pension Plan, and the Evergreen Cemetery Commission is based solely upon the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City of Murfreesboro, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated November 18, 2004.

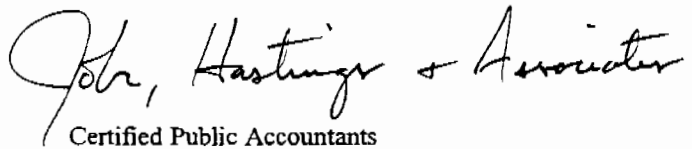
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Murfreesboro in a separate letter dated November 18, 2004.

This report is intended solely for the information and use of management, the City Council, and state and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

Murfreesboro, Tennessee  
November 18, 2004



# JOBE, HASTINGS & ASSOCIATES

*Certified Public Accountants*

Joel H. Jobe, CPA, CMPE  
Donna K. Hastings, CPA  
James R. Jobe, CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council  
City of Murfreesboro, Tennessee

### Compliance

We have audited the compliance of the City of Murfreesboro, Tennessee, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Murfreesboro, Tennessee's management. Our responsibility is to express an opinion on the City of Murfreesboro, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Murfreesboro, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Murfreesboro, Tennessee's compliance with those requirements.

In our opinion, the City of Murfreesboro, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2004-2.

### Internal Control Over Compliance

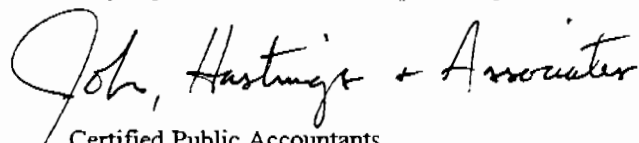
The management of the City of Murfreesboro, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Murfreesboro, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Murfreesboro's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management, the City Council and state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

  
Certified Public Accountants

Murfreesboro, Tennessee  
November 18, 2004

**CITY OF MURFREESBORO, TENNESSEE**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Murfreesboro, Tennessee.
2. One reportable condition disclosed during the audit of the financial statements is reported in the *Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards*. The condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Murfreesboro, Tennessee were disclosed during the audit.
4. One reportable condition in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133*. The condition is not reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the City of Murfreesboro, Tennessee expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include the HOME Program, CFDA No. 14.239, the Federal Emergency Management Agency Public Assistance Grant, CFDA No. 83.544, IDEA Part B, CFDA No. 84.027 and 21<sup>st</sup> Century Community Learning Centers, CFDA No. 84.287.
8. The threshold for distinguishing Types A and B programs as defined by *OMB Circular A-133* was \$300,000.
9. The City of Murfreesboro, Tennessee was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**REPORTABLE CONDITIONS**

**2004-1. Evergreen Cemetery Commission – Separation of Duties**

*Condition:* One employee is currently responsible for executing, recording and controlling all cash transactions.

*Criteria:* Proper separation of duties requires that no one employee be responsible for an entire transaction cycle from beginning to end.

*Effect:* An unauthorized cash transaction could be executed and not be promptly discovered by the Commission's internal controls.

**CITY OF MURFREESBORO, TENNESSEE**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2004**

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2004-1. Evergreen Cemetery Commission – Separation of Duties (continued)

*Recommendation:* To the extent possible, Management should separate the duties of executing, recording and controlling cash transactions.

*Response:* Management believes the cost of maintaining this control would exceed its benefits.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**REPORTABLE CONDITION**

**FEDERAL EMERGENCY MANAGEMENT AGENCY**  
**Public Assistance Grant – CFDA No. 83.544**

2004-2. Grant No Z-03-017940-00

*Condition:* Adequate procedures were not in place to ensure that the project summary records, required under this grant, accurately reported costs for actual time worked and actual overtime wage rates paid to employees working on the project. There was also no procedure in place in some departments of the City to maintain proper documentation of the time that the City owned equipment was in use on this project, thereby, making accurate reporting of equipment costs difficult.

*Criteria:* Internal controls should be in place that provide reasonable assurance that the labor costs are accurately reported for actual time worked and actual rates paid, and also, that the equipment in use on the project is for actual time used. Additional detailed review of the project summary records should be made by someone other than the preparer to locate any possible reporting errors.

*Effect:* Because of inadequate controls surrounding the reporting of project costs, incorrect costs (both positive and negative) were reported to the grantor, and the net amount of the findings are questioned costs.

*Population and Items Tested:*

	<u>Number</u>	<u>Dollars</u>	<u>Questioned Costs</u>
Population Size	163	\$371,442	
Items Tested	40	66,632	
Items Not in Compliance-			
Positive	13	2,613	\$ 2,613
Negative	5	(12)	(12)
Net Questioned Costs per Sample			<u>\$ 2,601</u>

*Cause:* Due to the required urgency of the City's response to the disaster that led to the grant, adequate procedures to ensure the accuracy of the project summary records were not implemented.

**CITY OF MURFREESBORO, TENNESSEE**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2004**

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*Recommendation:* Adequate procedures should be developed, should this type of grant be awarded in the future, to ensure the accuracy of the grant records. More detailed reviews of the required reports by someone other than the report preparer should be made. Also, decisions should be made at the beginning of the grant about what source documentation should be used by each department to produce the reports. In addition, decisions should be made currently about the types of documentation that should be maintained on an ongoing basis in the event these types of records would have to be produced.

*Response:* Management concurs with the recommendations and has already implemented procedures to maintain certain types of documentation essential to this type of reporting in the event it was necessary in the future. The City will expand the procedures to comply with the auditor's recommendations.

